Taking Stock With Teens

A Collaborative Consumer Insights Project

SPRING 2014

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Disclosures for universe of: Stephanie Wissink, Nicole Miller Regan, Sean Naughton, Neely Tamminga, Erinn Murphy, Gene Munster, Mike Olson, James Marsh

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Results Conference Call Details And Speaking Order

Call Details

WHEN

Tuesday, April 8
4:30 p.m. ET

DIAL-IN INFORMATION

U.S. Domestic: 855 566-6553
Reservation Number: 21065304

Speaking Order

1. Steph Wissink
   - Survey Details
   - Spending Highlights
2. Erinn Murphy
   - Brand Preferences
   - Fashion Insights
3. Sean Naughton
   - Athletic Brands & Headphones
   - Organic Foods
4. Nicole Miller Regan
   - Restaurants
5. Neely Tamminga
   - Online & Off-Price Retailing
   - Beauty & Personal Care
6. Gene Munster
   - Digital & Social Media
7. Michael Olson
   - Online Movie Rentals
   - Video Games
8. James Marsh
   - Media & Entertainment

Investment Risks

Risks to achievement of investment objectives include, but are not limited to:

- Reliance on key top management
- Changing consumer preferences
- Changes in input costs and raw materials
- Markdown risks
- Product flow and inventory disruptions
- Competition
- Lack of pricing power
- Deleveraging of fixed expenses
- Foreign exchange rate risk
- General macroeconomic uncertainty

Survey Details

National Survey Of Teens Measuring:

Brand Preferences

Spending Trends

Shopping Characteristics

27th Semi-Annual Proprietary Teen Research Project

TWO UNIQUE SURVEYS

- Total responses: 7,500
- Average age: 16.4 years

UPPER-INCOME TEEN SURVEY

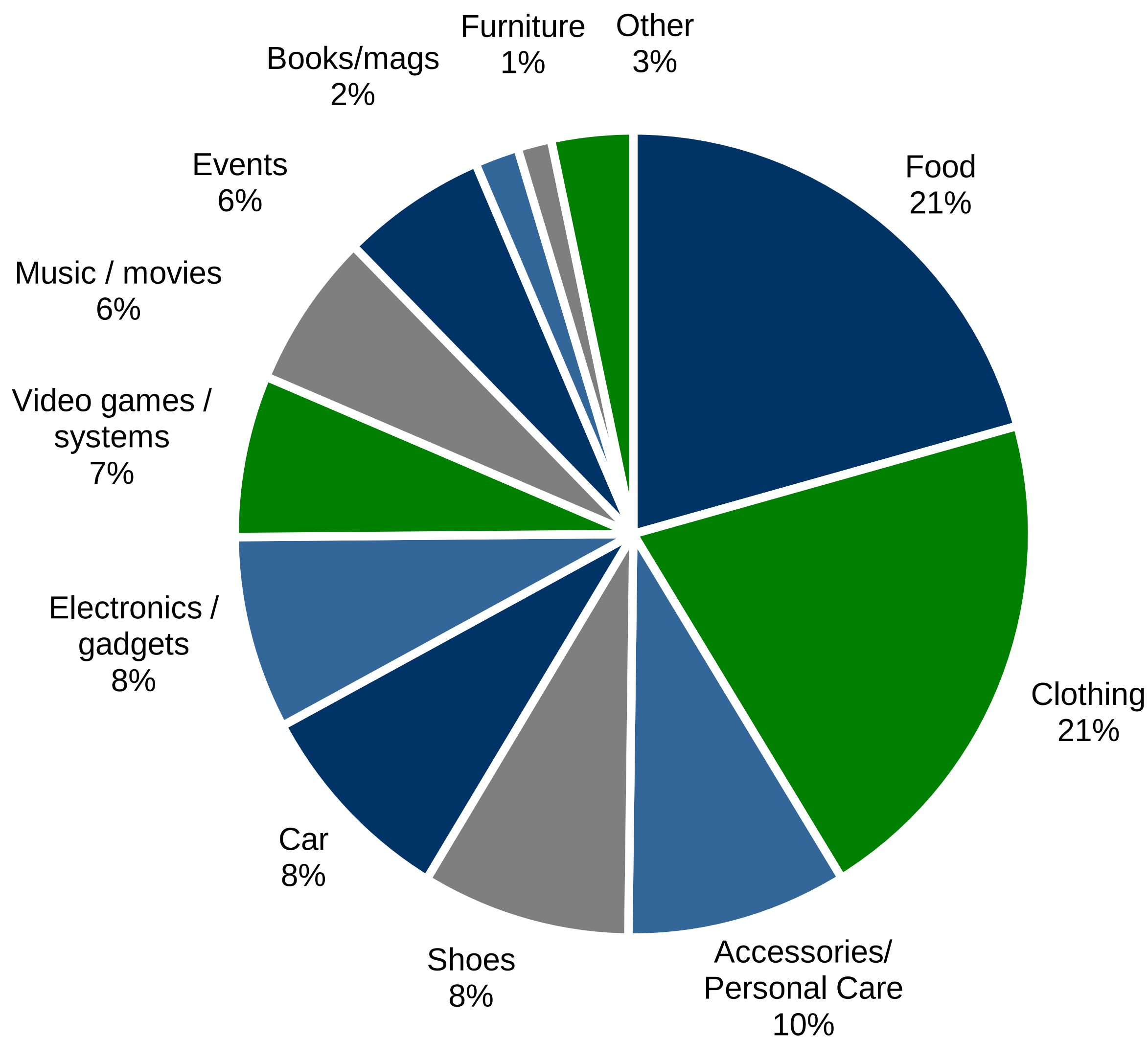
- Classroom visit & electronic surveys of 1,300 teens
- HH income of $103,000 (represents top 25% of U.S. household units)

AVERAGE-INCOME TEEN SURVEY

- Classroom visit & electronic surveys of 6,200 teens
- HH income of $55,000 (aligns more closely with U.S. median)

Source: Piper Jaffray & Co.

Teen Spending By Category



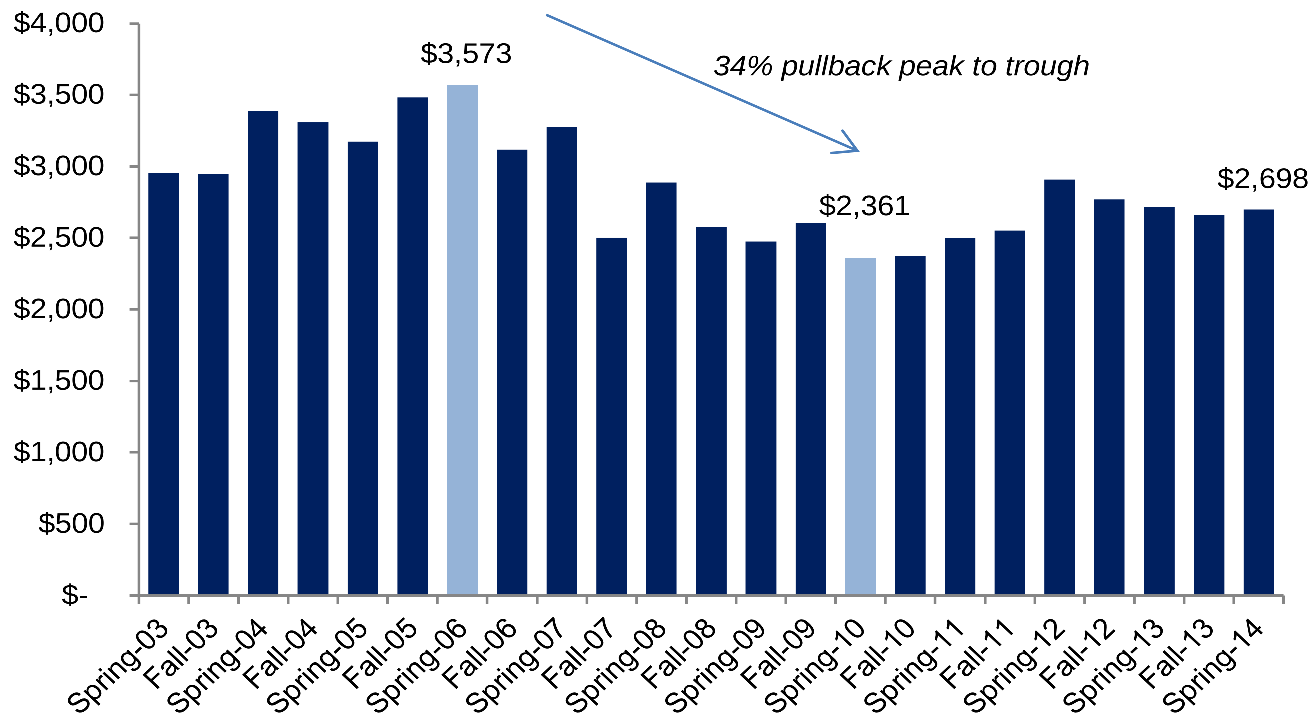
Source: Piper Jaffray & Co.

Spending Behavior Highlights

- Spending stabilizes to prior season; Y/Y declines persist at mid-single digit rates
- Men's turning first; historically a sign of a broader spending inflection
- Teen generation seeks experiences—"food" trumps clothing in teen wallet
- Clothing spend stabilizes; footwear cycle extended; accessories spending declines
- Shopping frequency stabilizes following low mark in Fall 2013
- Teens are increasingly shopping online & on their phones
- Households digest tax changes; parent contribution returns; unemployment elevated
- Influence of friends & internet combine in social media environments
- Different is the new cool; mindshare dispersed across multiple brands & lifestyles
- Consistent group of clothing brands preferred but rank & share shifted

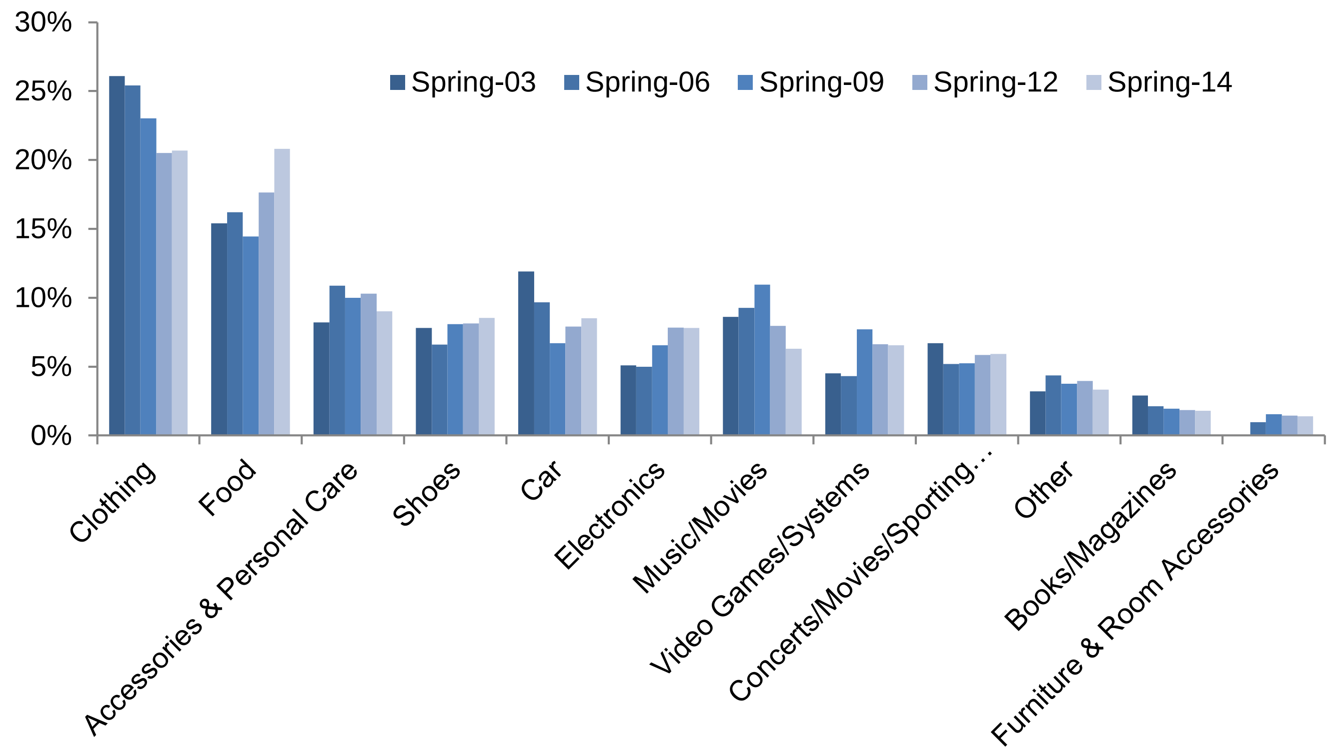
Source: Piper Jaffray & Co.

Teen Spending Stabilizes



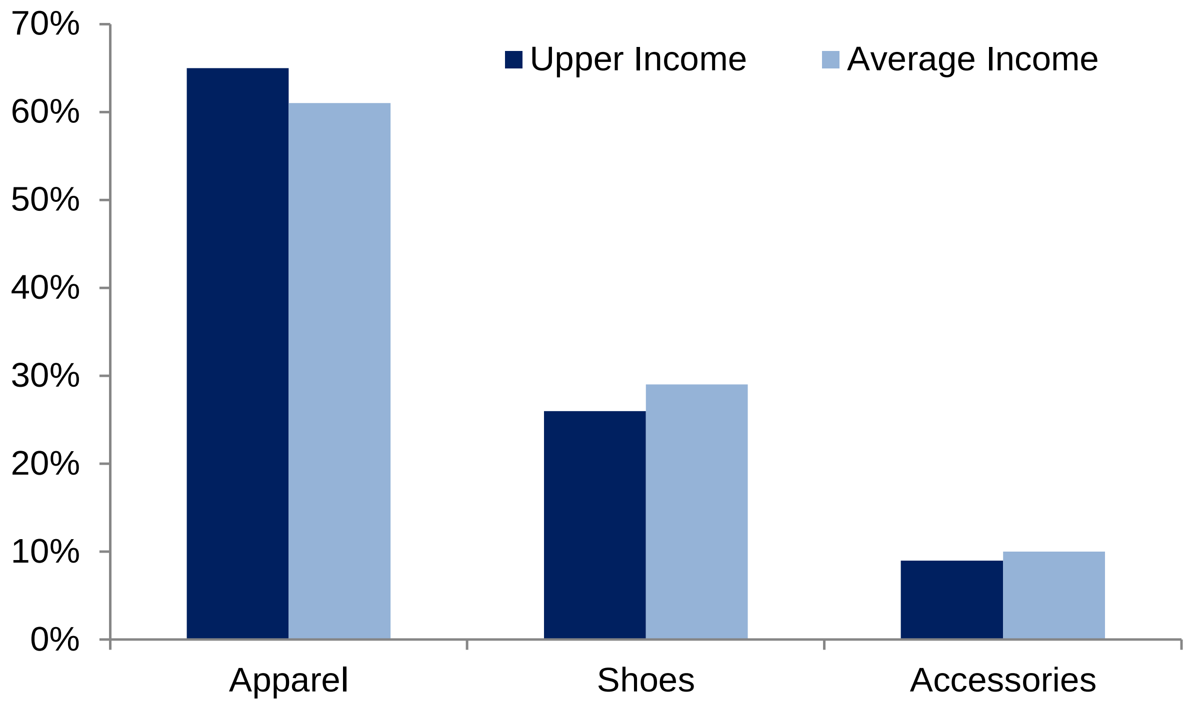
Source: Piper Jaffray & Co.

Food Dominates Wallet For First Time In Survey



Source: Piper Jaffray & Co.

Fashion Wallet By Category



Source: Piper Jaffray & Co.

Spending Expectations

UPPER INCOME SPENDING EXPECTATIONS

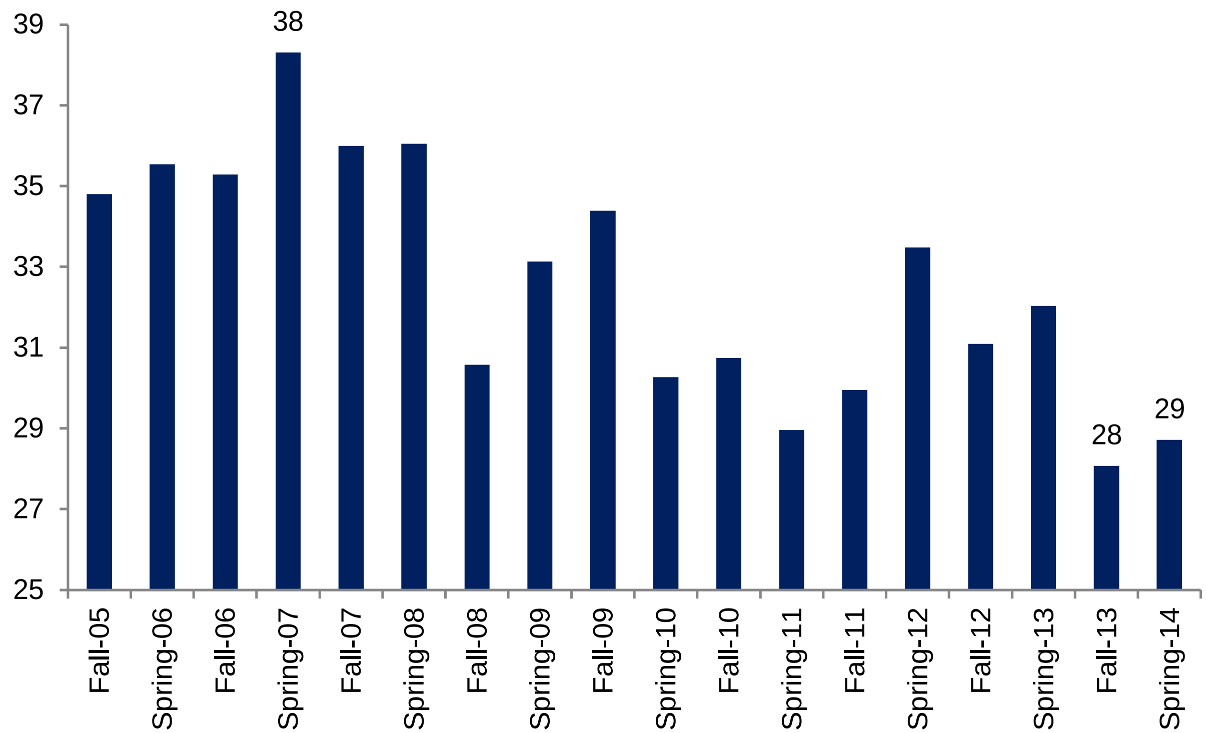
	More		Less	
	Seq.	Y/Y	Seq.	Y/Y
Clothing	-	-	-	=
Shoes	+	-	-	+
Accessories	+	-	-	+
Females				
Clothing	-	-	+	+
Shoes	-	-	+	+
Accessories	+	-	-	+
Males				
Clothing	+	-	-	-
Shoes	+	-	-	+
Accessories	+	-	-	+

AVERAGE INCOME SPENDING EXPECTATIONS

	More		Less	
	Seq.	Y/Y	Seq.	Y/Y
Clothing	-	-	=	+
Shoes	-	-	+	+
Accessories	+	-	-	+
Females				
Clothing	-	-	+	+
Shoes	-	-	+	+
Accessories	=	-	+	+
Males				
Clothing	-	-	=	-
Shoes	-	-	+	=
Accessories	+	-	-	+

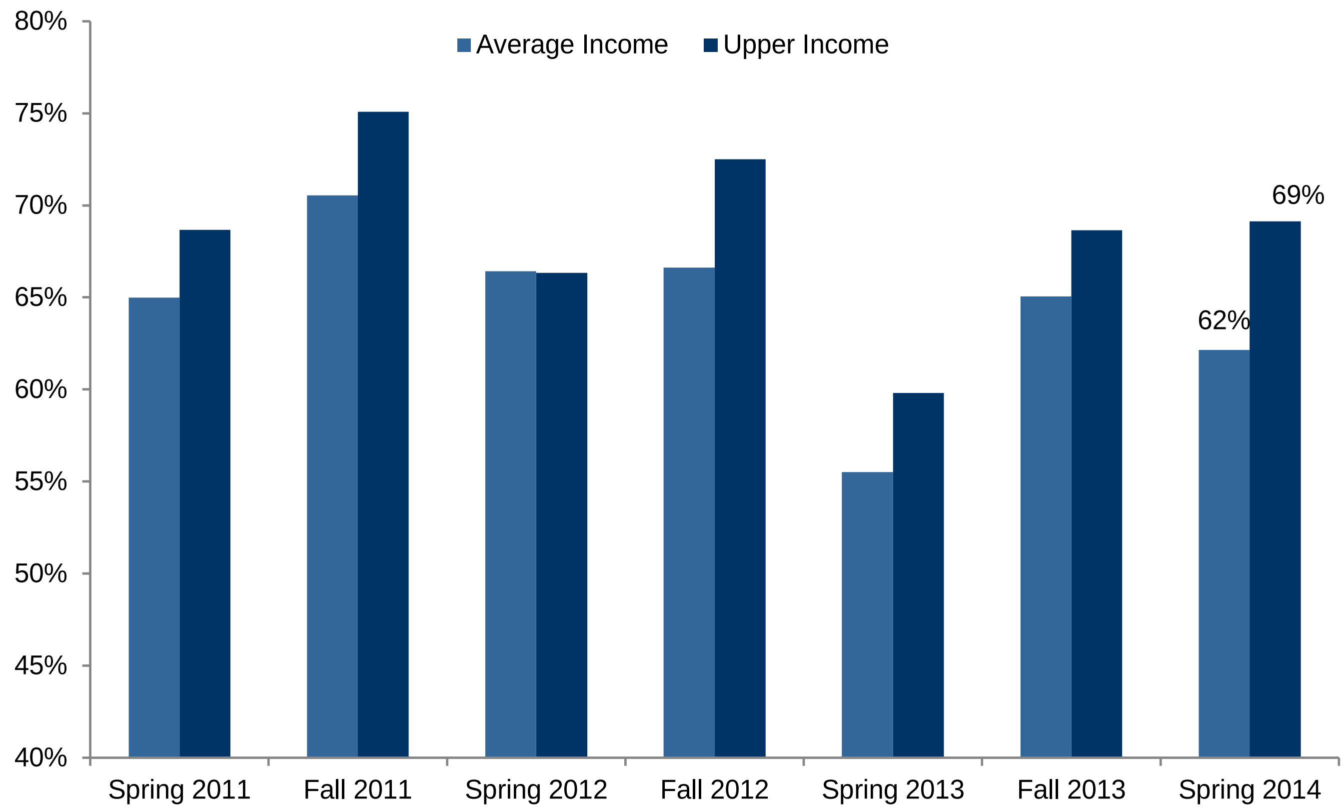
Source: Piper Jaffray & Co.

Shopping Frequency



Source: Piper Jaffray & Co.

Parent Contribution



Source: Piper Jaffray & Co.

Top Clothing Brands – History

TOP CLOTHING BRAND PREFERENCES (UPPER-INCOME TEEN SURVEY)

	No. 1	No. 2	No. 3	No. 4	No. 5
Spring 2014	Nike	Forever 21	Action Sports Brands	American Eagle	Polo Ralph Lauren
Fall 2013	Nike	Action Sports Brands	Forever 21	American Eagle	Polo Ralph Lauren
Spring 2013	Nike	Action Sports Brands	American Eagle	Forever 21	Polo Ralph Lauren
Fall 2012	Nike	Forever 21	Polo Ralph Lauren	Action Sports Brands	American Eagle
Spring 2012	Nike	Forever 21	Action Sports Brands	American Eagle	Polo Ralph Lauren
Fall 2011	Nike	Forever 21	Action Sports Brands	American Eagle	Polo Ralph Lauren
Spring 2011	Nike	Forever 21	American Eagle	Action Sports Brands	Polo Ralph Lauren
Fall 2010	Action Sports Brands	Nike	American Eagle	Forever 21	Hollister
Spring 2010	Action Sports Brands	Forever 21	Nike	Hollister	American Eagle
Fall 2009	Action Sports Brands	Forever 21	Hollister	Nike	American Eagle
Spring 2009	Action Sports Brands	Hollister	Nike	Forever 21	American Eagle
Fall 2008	Action Sports Brands	Hollister	Forever 21	American Eagle	A&F
Spring 2008	Hollister	Action Sports Brands	American Eagle	A&F	Forever 21
Fall 2007	Hollister	Action Sports Brands	American Eagle	A&F	Forever 21
Spring 2007	Hollister	American Eagle	Action Sports Brands	A&F	Forever 21

TOP CLOTHING BRAND PREFERENCES (AVERAGE-INCOME TEEN SURVEY)

	No. 1	No. 2	No. 3	No. 4	No. 5
Spring 2014	Nike	Action Sports	Forever 21	American Eagle	Polo Ralph Lauren
Fall 2013	Nike	Forever 21	American Eagle	Action Sports Brands	Hollister
Spring 2013	Nike	American Eagle	Forever 21	Action Sports Brands	Hollister
Fall 2012	Nike	Forever 21	American Eagle	Action Sports Brands	Hollister
Spring 2012	Forever 21	Nike	Action Sports Brands	American Eagle	Hollister
Fall 2011	Nike	American Eagle	Forever 21	Hollister	Action Sports Brands
Spring 2011	American Eagle	Nike	Forever 21	Action Sports Brands	Hollister
Fall 2010	American Eagle	Hollister	Nike	Action Sports Brands	Aeropostale
Spring 2010	American Eagle	Nike	Action Sports Brands	Hollister	Forever 21
Fall 2009	Action Sports Brands	American Eagle	Nike	Hollister	Forever 21
Spring 2009	American Eagle	Action Sports Brands	Hollister	Nike	Forever 21
Fall 2008	American Eagle	Action Sports Brands	Hollister	Nike	Aeropostale
Spring 2008	American Eagle	Action Sports Brands	Hollister	Nike	A&F
Fall 2007	American Eagle	Hollister	Action Sports Brands	Nike	A&F
Spring 2007	American Eagle	Hollister	Action Sports Brands	A&F	Nike

Source: Piper Jaffray & Co.

Top Footwear Brands – History

TOP FOOTWEAR BRAND PREFERENCES (UPPER-INCOME TEEN SURVEY)

	No. 1	No. 2	No. 3	No. 4	No. 5
Spring 2014	Nike	Vans	Sperry Top-Sider	Converse	Steve Madden
Fall 2013	Nike	Vans	Steve Madden	Converse	Sperry Top-Sider
Spring 2013	Nike	Vans	Steve Madden	Sperry Top-Sider	UGG Australia
Fall 2012	Nike	Vans	Sperry Top-Sider	Steve Madden	UGG Australia
Spring 2012	Nike	Vans	Converse	Steve Madden	DSW
Fall 2011	Nike	Vans	Steve Madden	DSW	Converse
Spring 2011	Nike	Vans	UGG Australia	Steve Madden	DSW
Fall 2010	Nike	Vans	Steve Madden	Converse	DSW/UGG Australia
Spring 2010	Nike	Vans	UGG Australia	Converse	Steve Madden
Fall 2009	Nike	Vans	Steve Madden	UGG Australia	Converse
Spring 2009	Nike	UGG Australia	Vans	Puma	Steve Madden
Fall 2008	Nike	Vans	Steve Madden	Converse	Adidas
Spring 2008	Nike	UGG Australia	Steve Madden	Adidas	Puma
Fall 2007	Nike	Steve Madden	Adidas	Puma	Vans
Spring 2007	Nike	Steve Madden	Puma	Adidas	DSW

TOP FOOTWEAR BRAND PREFERENCES (AVERAGE-INCOME TEEN SURVEY)

	No. 1	No. 2	No. 3	No. 4	No. 5
Spring 2014	Nike	Vans	Converse	Sperry Top-Sider	Adidas
Fall 2013	Nike	Vans	Converse	Sperry Top-Sider	Adidas
Spring 2013	Nike	Vans	Converse	TOMS	Sperry Top-Sider
Fall 2012	Nike	Vans	Sperry Top-Sider	Converse	Adidas
Spring 2012	Nike	Vans	Converse	TOMS	Sperry Top-Sider
Fall 2011	Nike	Vans	Converse	Sperry Top-Sider	Journeys
Spring 2011	Nike	Vans	Converse	Sperry Top-Sider	UGG Australia
Fall 2010	Nike	Vans	Converse	Adidas	Journeys
Spring 2010	Nike	Vans	Converse	Puma	UGG Australia
Fall 2009	Nike	Converse	Vans	Adidas	Puma
Spring 2009	Nike	Vans	Converse	Adidas	DC Shoes
Fall 2008	Nike	Vans	Adidas	Converse	Puma
Spring 2008	Nike	Vans	Adidas	Converse	Puma
Fall 2007	Nike	Adidas	Puma	Vans	Converse
Spring 2007	Nike	Adidas	Puma	Vans	Converse

Source: Piper Jaffray & Co.

Top Handbag Brands – History

Upper-Income Teens

Spring 2014		
Rank	**Brand**	**% Total**
1	Coach	29%
2	Michael Kors	26%
3	Kate Spade	6%
4	Louis Vuitton	4%
5	Vera Bradley	3%
6	Chanel	3%
	Tory Burch	3%
7	Fossil	3%
8	Longchamp	2%
	Marc Jacobs	2%

Fall 2013		
Rank	**Brand**	**% Total**
1	Coach	26%
2	Michael Kors	21%
3	Louis Vuitton	7%
4	Vera Bradley	6%
5	Marc Jacobs	3%
6	Kate Spade	3%
7	Longchamp	3%
8	Gucci	3%
9	Tory Burch	2%
10	Fossil	2%

Spring 2013		
Rank	**Brand**	**% Total**
1	Coach	30%
2	Michael Kors	18%
3	Louis Vuitton	7%
4	Vera Bradley	6%
5	Longchamp	4%
6	Juicy Couture	3%
	Tory Burch	3%
	Kate Spade	3%
9	Chanel	3%
10	Gucci	2%

Fall 2012		
Rank	**Brand**	**% Total**
1	Coach	36%
2	Michael Kors	9%
3	Vera Bradley	7%
4	Louis Vuitton	7%
5	Tory Burch	4%
6	Fossil	4%
7	Juicy Couture	4%
8	Longchamp	2%
9	Kate Spade	2%
10	Gucci	2%
	Marc Jacobs	2%

Average-Income Teens

Spring 2014		
Rank	**Brand**	**% Total**
1	Michael Kors	31%
2	Coach	27%
3	Louis Vuitton	5%
4	Vera Bradley	4%
5	Gucci	4%
6	Chanel	2%
	Fossil	2%
	Kate Spade	2%
9	Steve Madden	2%
10	Tory Burch	2%

Fall 2013		
Rank	**Brand**	**% Total**
1	Coach	33%
2	Michael Kors	21%
3	Louis Vuitton	5%
4	Vera Bradley	5%
5	Gucci	4%
6	Fossil	3%
7	Chanel	2%
8	Steve Madden	2%
	Guess	2%
10	Juicy Couture	1%

Spring 2013		
Rank	**Brand**	**% Total**
1	Coach	39%
2	Michael Kors	14%
3	Louis Vuitton	5%
4	Gucci	5%
5	Vera Bradley	4%
6	Fossil	3%
7	Juicy Couture	2%
8	Betsey Johnson	2%
9	Chanel	2%
10	Dooney & Bourke	2%

Fall 2012		
Rank	**Brand**	**% Total**
1	Coach	43%
2	Vera Bradley	6%
3	Gucci	5%
4	Michael Kors	5%
5	Louis Vuitton	5%
6	Fossil	3%
7	Juicy Couture	3%
8	Chanel	2%
9	Guess	2%
10	Betsey Johnson	1%
	Kathy Van Zeeland	1%

Source: Piper Jaffray & Co.

Teens Talk Fashion – Down-Trending Brands

She Says:

Spring 2014*			Fall 2013*			Spring 2013		
Rank	Brand No Longer Worn	% Total	Rank	Brand No Longer Worn	% Total	Rank	Brand No Longer Worn	% Total
1	Aeropostale	32%	1	Aeropostale	25%	1	Aeropostale	33%
2	Abercrombie & Fitch	19%	2	Abercrombie & Fitch	22%	2	Hollister	17%
3	Hollister	16%	3	Hollister	15%	3	Abercrombie & Fitch	10%
4	Justice/Limited Too	8%	4	Justice/Limited Too	8%	4	Justice/Limited Too	5%
5	Gap	5%	5	Gap	5%	5	Gap	4%
6	American Eagle	3%	6	Forever 21	2%	6	American Eagle	2%
7	Old Navy	1%	7	American Eagle	2%	7	Baby Phat	2%
8	Nike/Jordans	1%	8	Old Navy	2%	8	Old Navy	1%
9	Forever 21	1%	9	Roxy	2%	9	Forever 21	1%
10	*Three Brands Tied for 10th*	1%	10	Juicy Couture	1%	10	*Six Brands Tied for 10th*	1%

** Reflects change in methodology accounting for upper-income teens in online survey only*

He Says:

Spring 2014*			Fall 2013*			Spring 2013		
Rank	Brand No Longer Worn	% Total	Rank	Brand No Longer Worn	% Total	Rank	Brand No Longer Worn	% Total
1	Gap	12%	1	Gap	11%	1	Hollister	12%
2	Hollister	11%	2	Abercrombie & Fitch	9%	2	Aeropostale	8%
3	Abercrombie & Fitch	9%	3	Hollister	8%	3	Gap	7%
4	Aeropostale	9%	4	Aeropostale	7%	4	Adidas	6%
5	Adidas	9%	5	Adidas	6%	5	American Eagle	5%
6	American Eagle	8%	6	American Eagle	4%	6	Abercrombie & Fitch	4%
7	Reebok	4%	7	Nike/Jordans	4%	7	Under Armour	3%
8	Under Armour	4%	8	Under Armour	3%		DC	3%
9	Nike/Jordans	2%	9	Quiksilver	3%	9	Reebok	2%
	Quiksilver	2%	10	DC	3%		Southpole	2%

** Reflects change in methodology accounting for upper-income teens in online survey only*

Source: Piper Jaffray & Co.

Teens Talk Fashion – Up-Trending Brands

She Says:

	Spring 2014*			Fall 2013*			Spring 2013	
Rank	Brand Starting To Wear	% Total	Rank	Brand Starting To Wear	% Total	Rank	Brand Starting To Wear	% Total
1	Forever 21	5%	1	Forever 21	6%	1	Forever 21	12%
2	American Eagle	5%	2	American Eagle	5%	2	H&M	5%
	lululemon	5%	3	Urban Outfitters	5%	3	American Eagle	5%
4	Nike/Jordans	4%	4	Brandy Melville	5%		Hollister	5%
5	Urban Outfitters	4%	5	Nike/Jordans	4%	5	Victoria's Secret/PINK	4%
6	Pacific Sunwear	4%	6	Victoria's Secret	3%	6	Pacific Sunwear	4%
7	Victoria's Secret	3%	7	H&M	3%	7	lululemon	3%
8	H&M	3%	8	J.Crew	3%	8	Urban Outfitters	2%
	Hollister	3%	9	Charlotte Russe	3%	9	Charlotte Russe	2%
	J.Crew	3%		Pacific Sunwear	3%	10	*Four Brands Tied for 10th*	2%

** Reflects change in methodology accounting for upper-income teens in online survey only*

He Says:

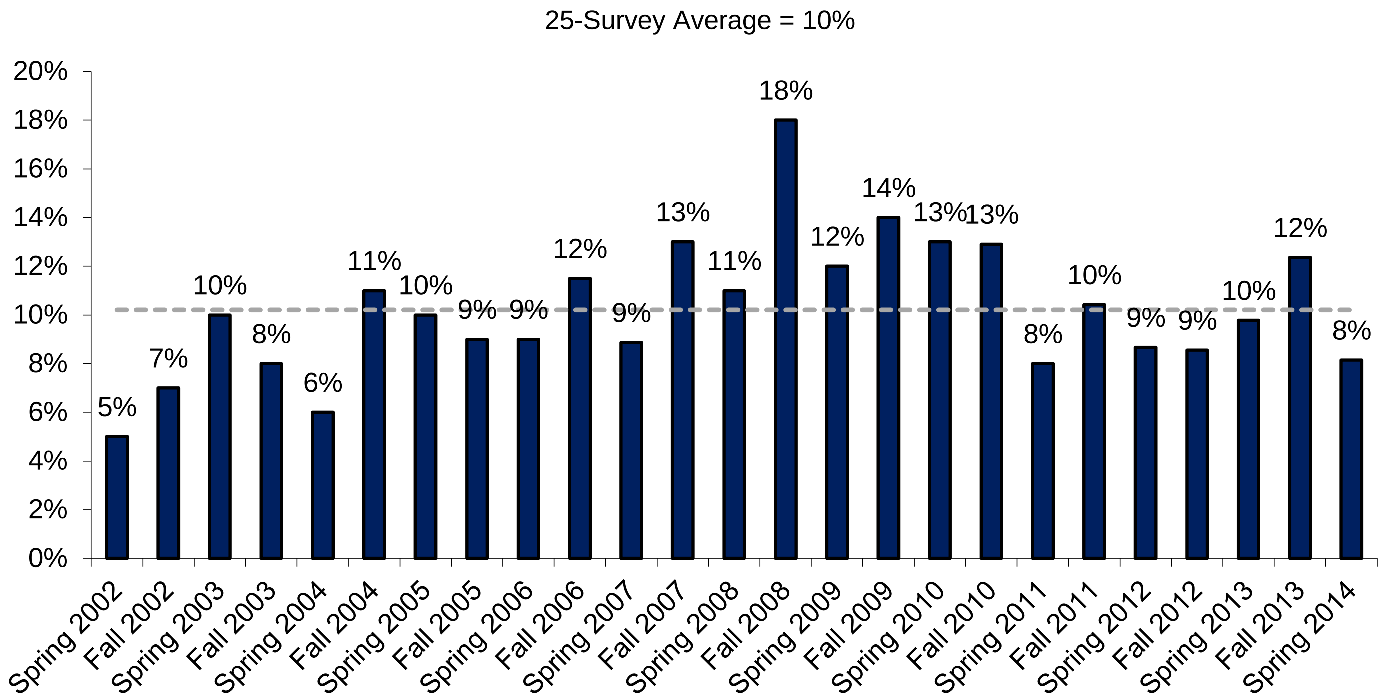
	Spring 2014*			Fall 2013*			Spring 2013	
Rank	Brand Starting To Wear	% Total	Rank	Brand Starting To Wear	% Total	Rank	Brand Starting To Wear	% Total
1	Polo Ralph Lauren	14%	1	Nike/Jordans	14%	1	Nike/Jordans	16%
2	Nike/Jordans	13%	2	Polo Ralph Lauren	12%	2	Polo Ralph Lauren	9%
3	American Eagle	5%	3	American Eagle	5%	3	Under Armour	4%
4	Under Armour	4%	4	Adidas	3%	4	American Eagle	3%
5	Adidas	3%	5	Under Armour	3%		Adidas	3%
6	Vans	2%	6	Vans	3%	6	Diamond Supply Co.	3%
7	The North Face	2%	7	Vineyard Vines	3%	7	Hollister	2%
	Vineyard Vines	2%	8	Diamond Supply Co.	2%		Vans	2%
9	Express	2%	9	Levi's	2%	9	Express	2%
10	Diamond Supply Co.	1%	10	Express	2%		H&M	2%

** Reflects change in methodology accounting for upper-income teens in online survey only*

Source: Piper Jaffray & Co.

Fashion Trends Insights – Action Sports

Upper-Income Teens

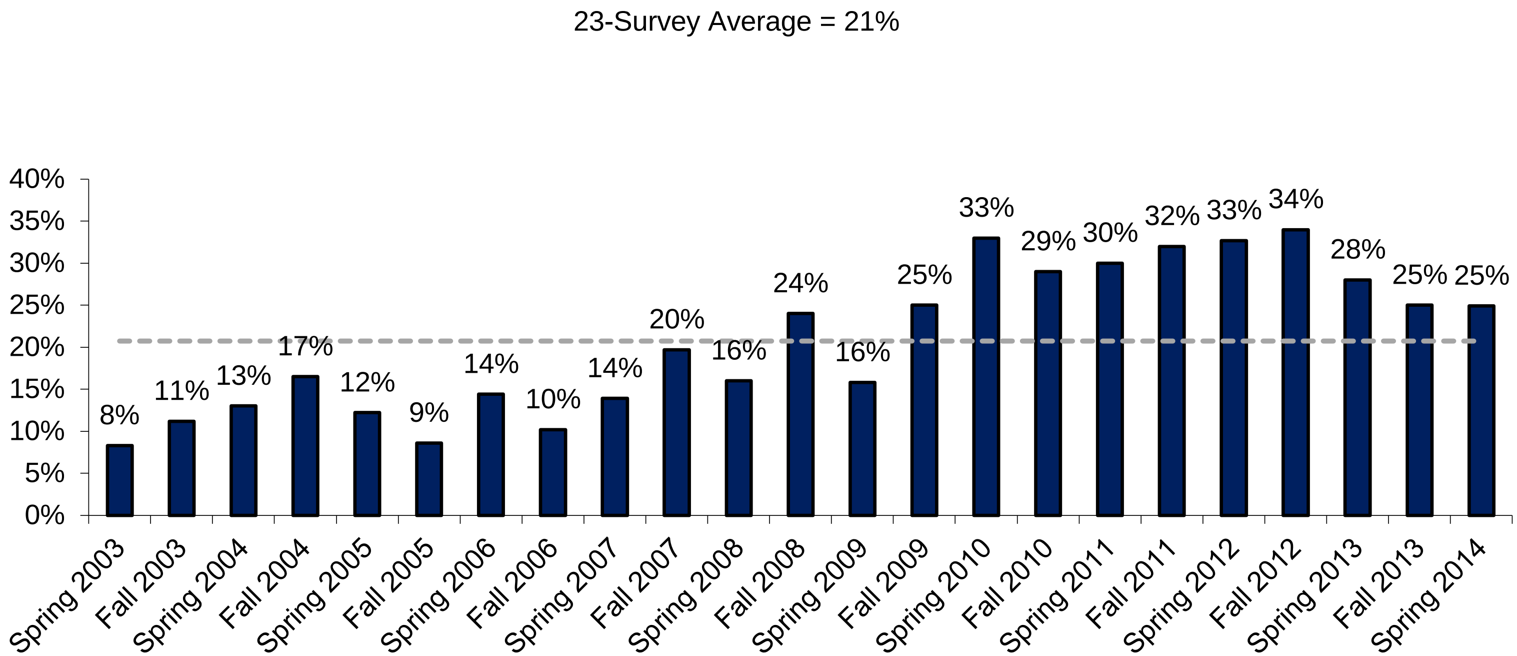


- Roxy & Quiksilver trending lower – highlighting the gradual shift away from performance action sports brands
- Diamond Supply Co. & The Hundreds trending higher –secular strength in Streetwear and cross-over brands

Source: Piper Jaffray & Co.

Fashion Trends Insights – Fast Fashion

Upper-Income Teens

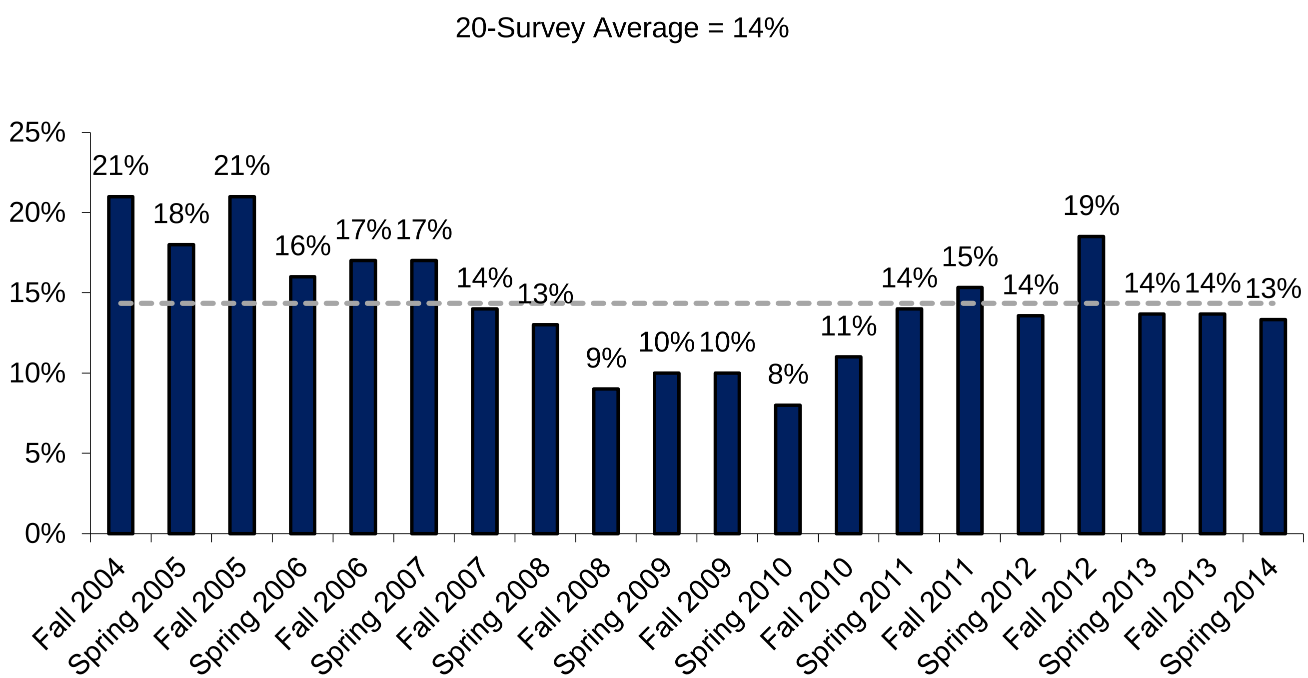


- Forever 21 sees sequential mindshare gains offset by H&M, Charlotte Russe and Zara all losing share

Source: Piper Jaffray & Co.

Fashion Trends Insights – Refined Classic

Upper-Income Teens

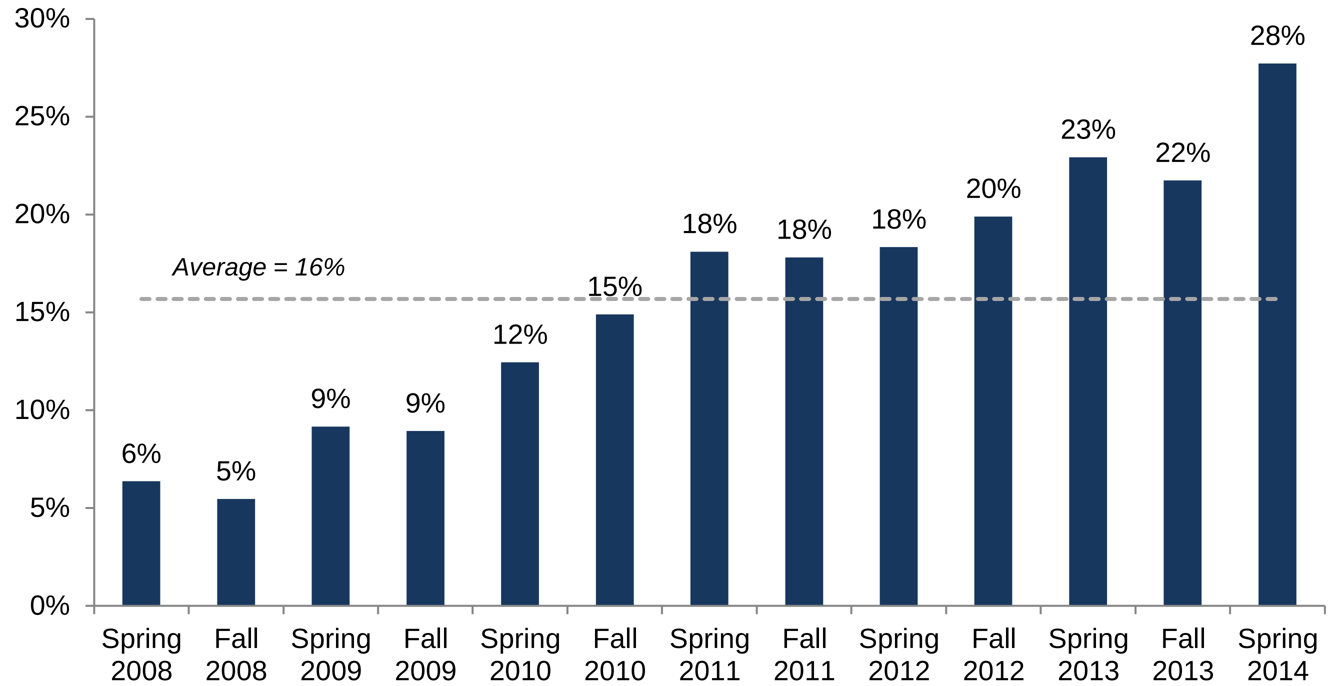


- Ralph Lauren remains steady as the No. 5 brand
- Vineyard Vines moving up

Source: Piper Jaffray & Co.

Fashion Trends Insights – Fashion Athletic

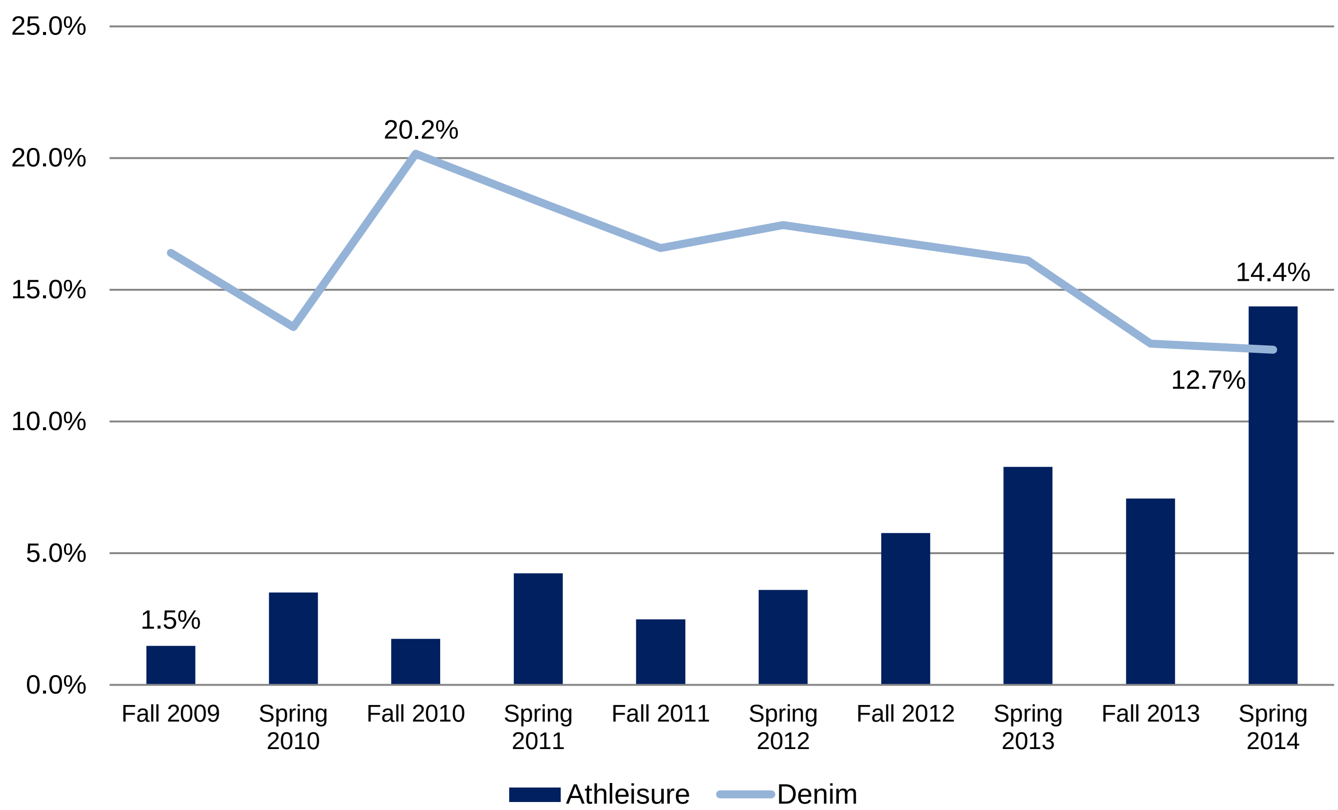
Upper-Income Teens



- Nike continues share gains – contributes 23 percentage points of Spring's 2014 share
- lululemon as second-most cited fashion athletic brand after Nike; No. 15 overall and No. 10 among upper-income females

Source: Piper Jaffray & Co.

Fashion Trends Insights – Denim Versus Athleisure



- Athleisure includes Adidas, Athleta, Juicy Couture, Lucy, lululemon, Nike, Prana, The North Face, Under Armour and Victoria's Secret
- Denim includes Abercrombie & Fitch, American Eagle, Buckle, Calvin Klein, Guess, Lee, Levi's, Lucky Brand, Miss Me Jeans, Seven For All Mankind, True Religion and Wrangler

Source: Piper Jaffray & Co.

Teens Talk Fashion – Most Popular Trends Today

Amongst Females According To All Teens :

Rank	Spring 2014	%	Rank	Fall 2013	%
1	Leggings/lululemon	28%	1	Leggings/lululemon	19%
2	Victoria's Secret / PINK	5%	2	High-Waisted Pants/Skirts	9%
3	UGG Australia	4%	3	Maxi Dresses/Skirts	4%
4	Boots	4%	4	Jeans / Skinny Jeans	3%
5	High-Waisted Pants/Skirts	3%	5	Crop Tops	3%
6	Combat Boots	2%	6	Dresses	3%
7	Crop Tops	2%	7	Victoria's Secret / PINK	3%
8	Michael Kors	2%	8	Nike/Jordans	2%
9	Scarves	2%	9	Combat Boots	2%
10	Forever 21	2%	10	UGG Australia	2%

Amongst Males According To All Teens:

Rank	Spring 2014	%	Rank	Fall 2013	%
1	Nike/Jordans	19%	1	Nike/Jordans	21%
2	Polo Ralph Lauren	10%	2	Shoes	6%
3	Boat Shoes	7%	3	Boat Shoes	5%
	Shoes	7%	4	High Socks	4%
5	Khakis	3%	5	Polo Ralph Lauren	4%
6	Athletic Wear	2%	6	Athletic Wear	3%
	Timberland	2%	7	Jeans / Skinny Jeans	3%
8	Preppy	2%	8	Shorts	2%
9	Polos	2%	9	Snapback Hats	2%
10	Vineyard Vines	2%	10	Tank Tops	2%

Source: Piper Jaffray & Co.

Athletic Apparel Brand Preferences

PREFERRED ATHLETIC CLOTHING BRAND - UPPER-INCOME TEEN SURVEY - ALL TEENS

Spring 2014			Fall 2013			Spring 2013		
Rank	Brand	% Total	Rank	Brand	% Total	Rank	Brand	% Total
1	Nike	70%	1	Nike	70%	1	Nike	68%
2	Under Armour	8%	2	Under Armour	9%	2	Under Armour	11%
3	Lululemon	5%	3	Adidas	5%	3	Adidas	4%
4	Adidas	4%	4	Lululemon	3%	4	Lululemon	3%
5	Bauer	< 1%	5	The North Face	1%	5	The North Face	1%
	Jordan	< 1%						
	The North Face	< 1%						

PREFERRED ATHLETIC CLOTHING BRAND - AVERAGE-INCOME TEEN SURVEY - ALL TEENS

Spring 2014			Fall 2013			Spring 2013		
Rank	Brand	% Total	Rank	Brand	% Total	Rank	Brand	% Total
1	Nike	68%	1	Nike	68%	1	Nike	64%
2	Under Armour	12%	2	Under Armour	11%	2	Under Armour	14%
3	Adidas	4%	3	Adidas	5%	3	Adidas	5%
4	Lululemon	1%	4	Lululemon	1%	4	Jordan	1%
5	The North Face	1%	5	Jordan	1%		The North Face	1%

- Nike continues to maintain or gain share within athletic apparel
- Lululemon rapidly gaining share among upper-income teens, particularly females

Source: Piper Jaffray & Co.

Athletic Apparel Brand Preferences – Females

PREFERRED ATHLETIC CLOTHING BRAND - UPPER-INCOME TEEN SURVEY - FEMALE

Spring 2014			Fall 2013			Spring 2013		
Rank	Brand	% Total	Rank	Brand	% Total	Rank	Brand	% Total
1	Nike	65%	1	Nike	67%	1	Nike	67%
2	Lululemon	10%	2	Under Armour	9%	2	Under Armour	12%
3	Under Armour	8%	3	Lululemon	8%	3	Lululemon	7%
4	Adidas	4%	4	Adidas	4%	4	Adidas	3%
5	The North Face	1%	5	The North Face	2%	5	The North Face	1%

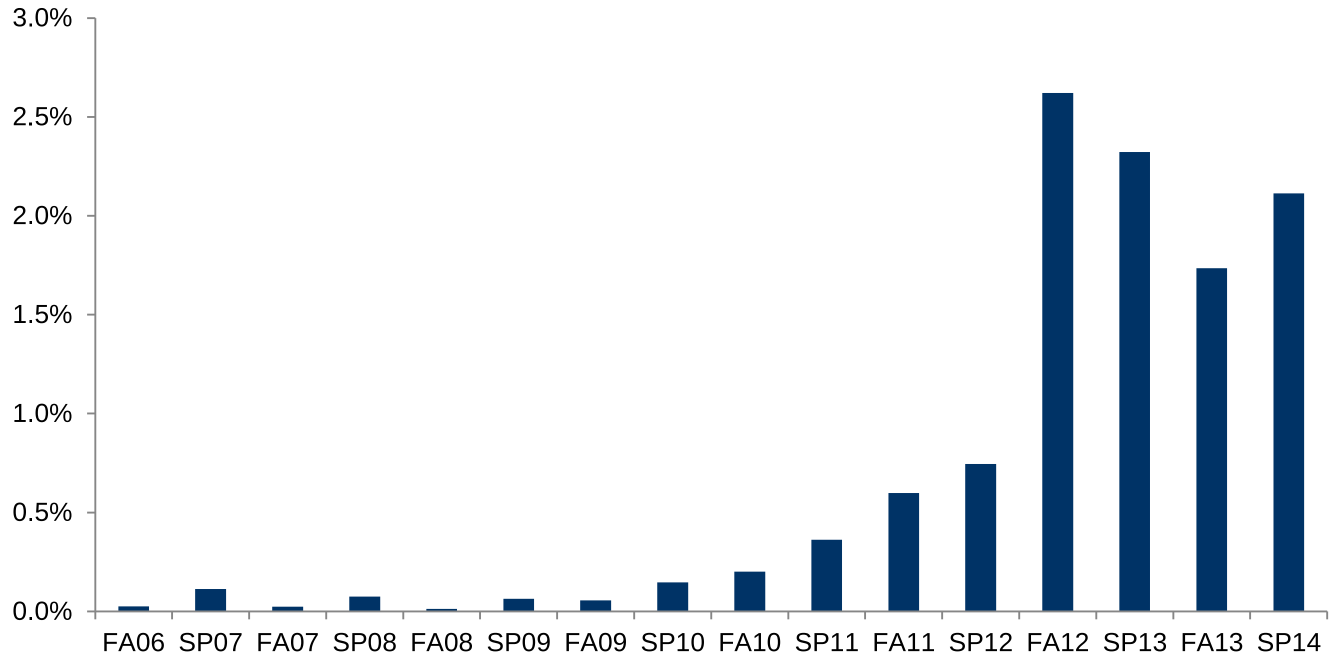
PREFERRED ATHLETIC CLOTHING BRAND - AVERAGE-INCOME TEEN SURVEY - FEMALE

Spring 2014			Fall 2013			Spring 2013		
Rank	Brand	% Total	Rank	Brand	% Total	Rank	Brand	% Total
1	Nike	69%	1	Nike	66%	1	Nike	63%
2	Under Armour	11%	2	Under Armour	12%	2	Under Armour	15%
3	Adidas	3%	3	Adidas	5%	3	Adidas	5%
4	Lululemon	3%	4	Lululemon	2%	4	Lululemon	1%
5	The North Face	1%	5	The North Face	1%		The North Face	1%

- Lululemon now ranks as No. 2 among upper-income females with 10% mindshare
- Lululemon mindshare increasing among average-income females as well

Source: Piper Jaffray & Co.

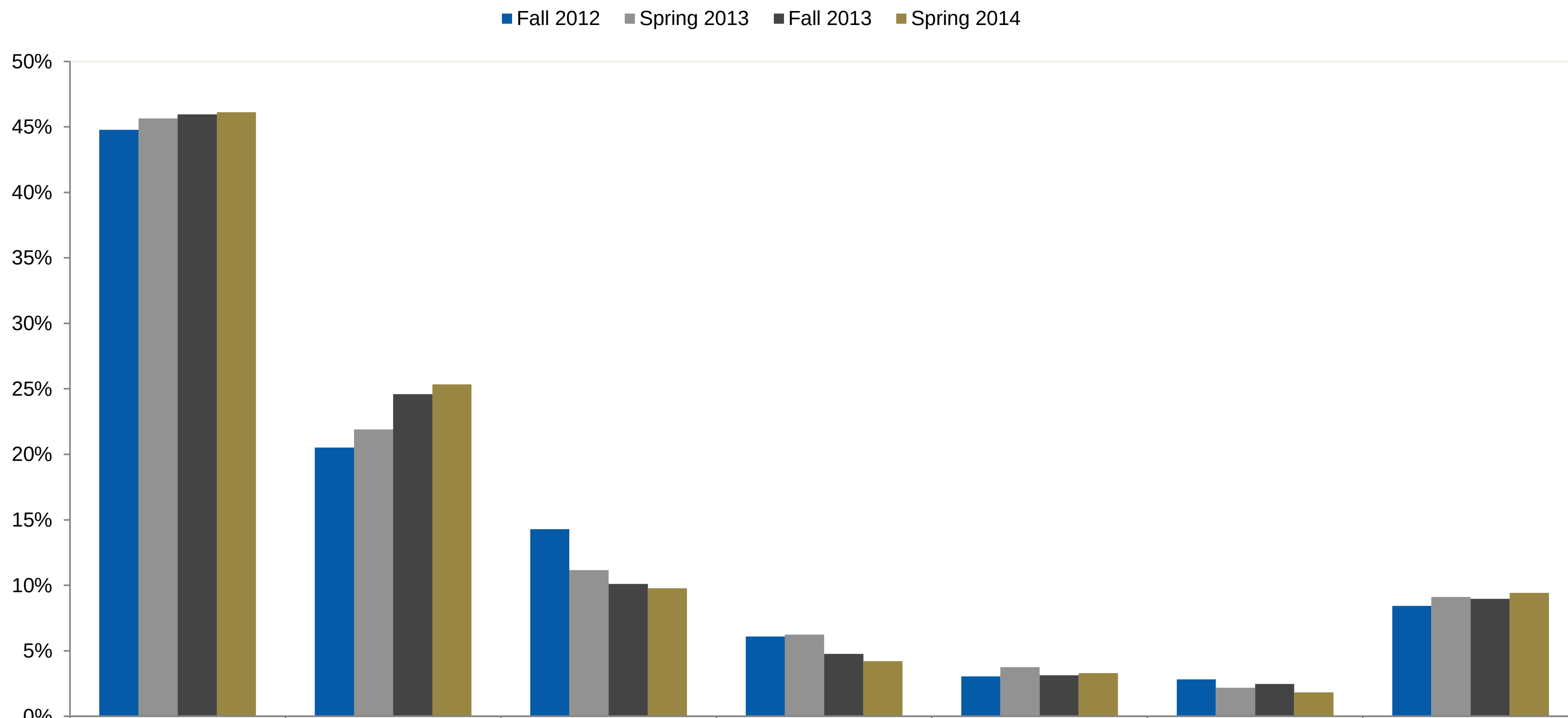
Headphone Share of Teen Wish Lists



- Percentage of teens asking for headphones as gifts declined year-over-year in second consecutive survey
- Percentage of teens planning to purchase headphones in next six months fell from 58% in Spring 2013 to 56% in Spring 2014

Source: Piper Jaffray & Co.

Headphone Brand Planning to Purchase Next



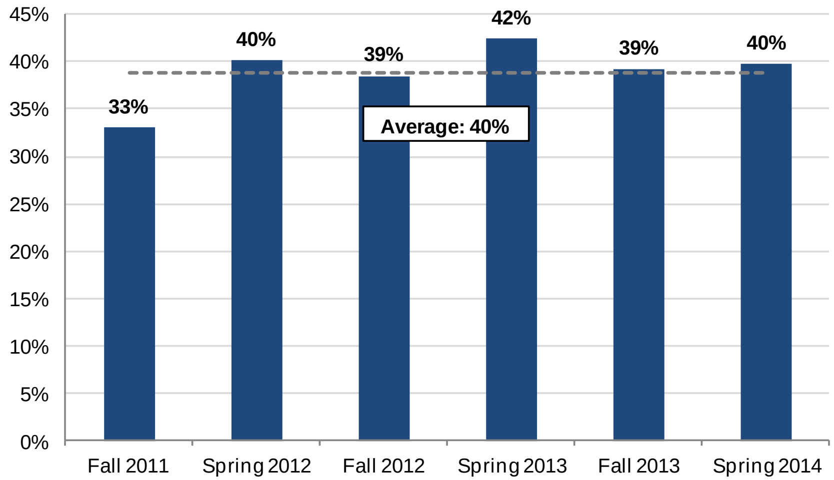
	Beats by Dr. Dre	Apple	Skullcandy	Sony	Bose	JVC	All others
Fall 2012	44.8%	20.5%	14.3%	6.1%	3.1%	2.8%	8.4%
Spring 2013	45.6%	21.9%	11.2%	6.2%	3.8%	2.2%	9.1%
Fall 2013	45.9%	24.6%	10.1%	4.8%	3.1%	2.5%	9.0%
Spring 2014	46.1%	25.3%	9.8%	4.2%	3.3%	1.8%	9.4%

- When asked which brand of headphones teens plan to purchase next, Beats by Dr. Dre received 46% of responses, Apple received 25% and Skullcandy received 10%
- Skullcandy's share of future purchases declined 30bp sequentially and 140bp y/y

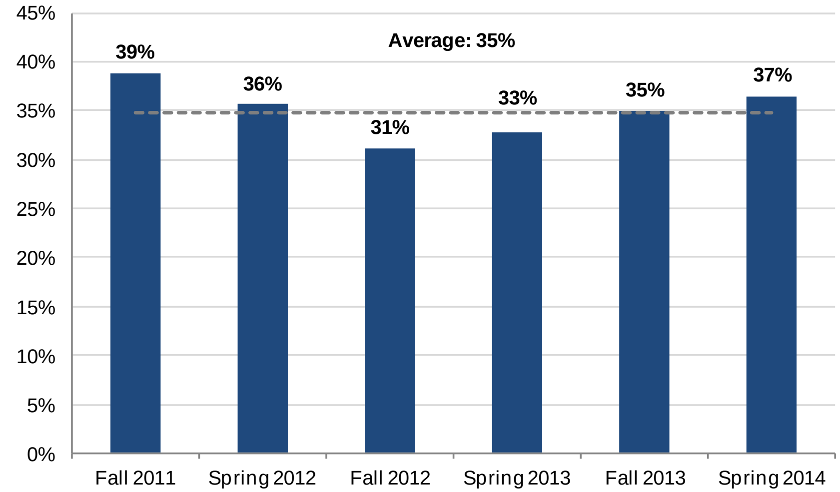
Source: *Piper Jaffray & Co.*

Next Generation Eating Organic

Do you eat organic food?



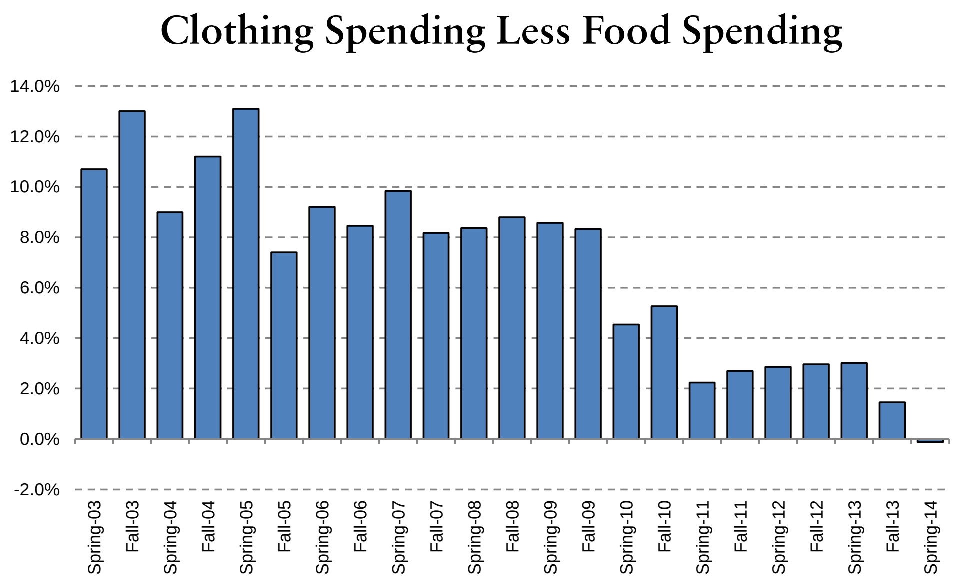
Delta of respondents eating more versus less organic food versus a year ago

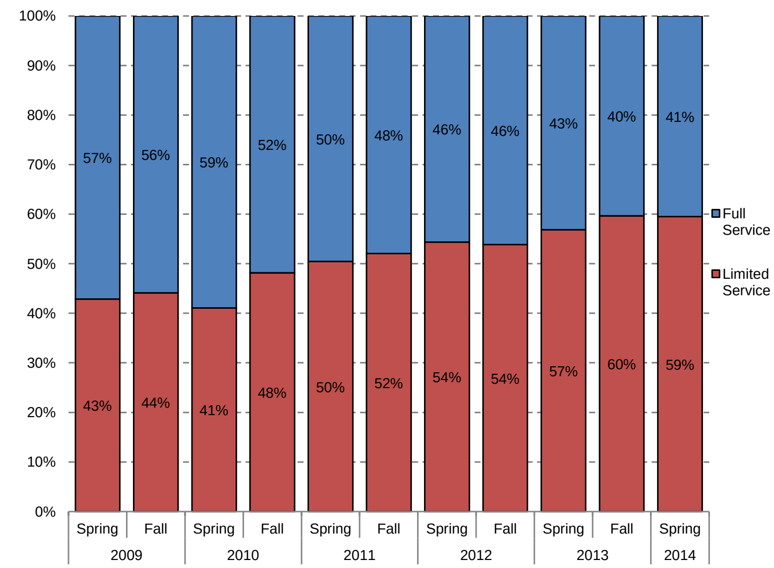


- Number of teens eating organic food increased 100bps sequentially but was down 200bps y/y; Important to understand the preferences of next generation grocery shoppers (food & beverage for off premises consumption is ~$750B category)
- Within those teens that are eating organic, they're consuming more of it as the delta of those consuming more versus less has increased for three consecutive surveys

Source: Piper Jaffray & Co.

Restaurants: Tied For #1 Rank With Clothing Spend As % of Spending





- **First Time Restaurants Tied Clothing For #1 Spot As % of Teen Spending**
- **Limited Service Segment Benefitting Most**
  - Gained Momentum and Increased Overall Preference to ~60% Today from 43% in Spring 2009

- **Starbucks (SBUX) Maintains Position As Perennial Favorite Among Both Upper and Average Income Teens**
- **Proprietary Analysis By Cuisine Type Shows Chipotle Mexican Grill (CMG) Overtook Taco Bell Among Average Income Teens For First Time in History of Survey**
  - First Time As a #1 Preferred Brand Within Hispanic Cuisine Across Both Income Groups
- **Within American Cuisine Noodles & Company (NDLS)Broke Into Top 5 Position Among Upper Income Teens For First Time**
  - Only Fast Casual Operator in American Cuisine Sub Segment
- **Survey Results Support "Year of the Restaurant: The Second Course"**
  - Lack of Unit Growth Supply, Public Growth Stock Shortage, Growing Consumer Demand to Eat Out
  - Recipe For Success: Brand Equity + Asset Light Growth + High-Margin Licensing Arrangements

Off-Price Well Positioned With Generation Y For Long-Term Secular Wins

Is it popular to shop at off-price stores?

Spring 2014			Fall 2013			Spring 2013		
	Yes	No		Yes	No		Yes	No
Female	56%	44%	Female	54%	46%	Female	59%	41%
Male	48%	52%	Male	46%	54%	Male	45%	55%

Do you shop at off-price stores?

Spring 2014			Fall 2013			Spring 2013		
	Yes	No		Yes	No		Yes	No
Female	78%	22%	Female	72%	28%	Female	73%	27%
Male	59%	41%	Male	58%	42%	Male	57%	43%

If you shop off-price, do you prefer off-price stores vs. department stores?

Spring 2014			Fall 2013			Spring 2013		
	Yes	No		Yes	No		Yes	No
Female	53%	47%	Female	54%	46%	Female	57%	43%
Male	52%	48%	Male	53%	47%	Male	51%	49%

Source: Piper Jaffray & Co.

No Surprise Here: Teens Are Increasingly Shopping Online & On Their Phones

Do you shop online?

Spring 2014	Yes	No	Fall 2013	Yes	No
Female	76%	24%	Female	78%	22%
Male	86%	14%	Male	82%	18%

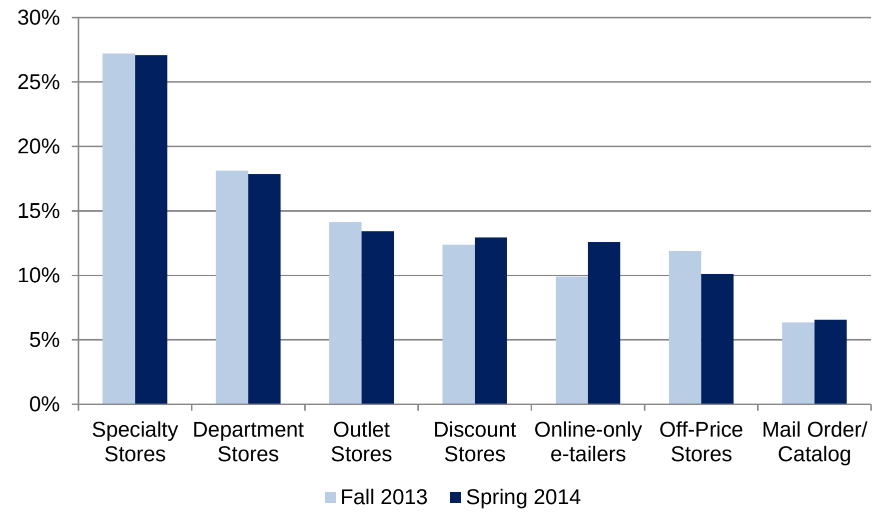
Spring 2013	Yes	No	Fall 2012	Yes	No
Female	80%	20%	Female	76%	24%
Male	76%	24%	Male	83%	17%

Spring 2012	Yes	No
Female	72%	28%
Male	78%	22%

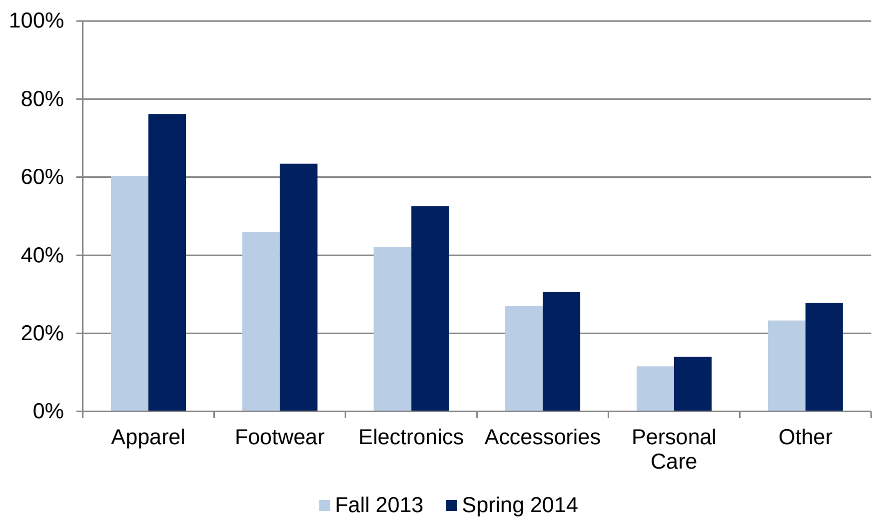
Source: Piper Jaffray & Co.

No Surprise Here: Teens Are Increasingly Shopping Online & On Their Phones

Channel Preferences



Online Shopping By Category



Source: Piper Jaffray & Co.

No Surprise Here: Teens Are Increasingly Shopping Online & On Their Phones

Do you prefer to shop online or in stores?

Spring 2014			Fall 2013		
	Online	In Stores		Online	In Stores
Female	26%	74%	Female	25%	75%
Male	47%	53%	Male	37%	63%

Spring 2013		
	Online	In Stores
Female	18%	82%
Male	20%	80%

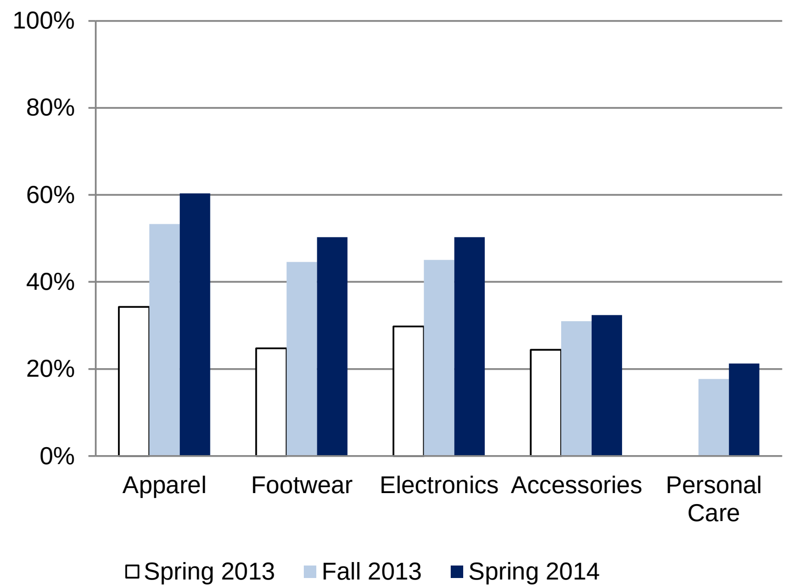
Regarding the clothing you buy online, which do you buy more from?

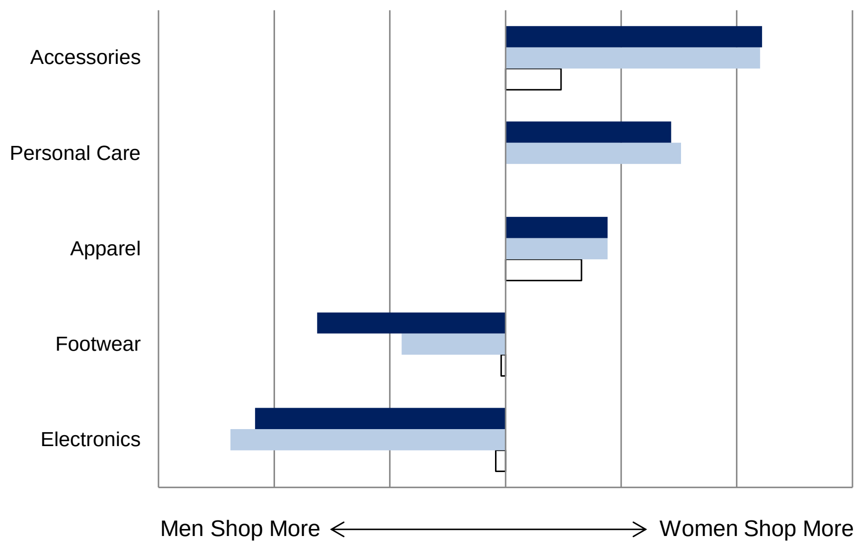
Spring 2014			Fall 2013		
	E-Tail Pureplay	Store Site		E-Tail Pureplay	Store Site
Female	14%	86%	Female	30%	70%
Male	24%	76%	Male	41%	59%

Source: Piper Jaffray & Co.

No Surprise Here: Teens Are Increasingly Shopping Online & On Their Phones

Shopping Via Mobile





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Source: Piper Jaffray & Co.

No Surprise Here: Teens Are Increasingly Shopping Online & On Their Phones

Upper-Income Teen Survey – Preferred Websites (All)

Rank	Spring 2014	%
1	Amazon	31%
2	Nike	10%
3	eBay	7%
4	Forever 21	4%
5	Victoria's Secret	3%
6	Eastbay	2%
7	American Eagle	2%
8	Urban Outfitters	1%
9	Dick's Sporting Goods	1%
	Wanelo	1%

Rank	Fall 2013	%
1	Amazon	31%
2	eBay	8%
3	Nike	5%
4	Forever 21	4%
5	Urban Outfitters	3%
6	Nordstrom	3%
7	American Eagle	3%
8	Eastbay	2%
9	Victoria's Secret	2%
10	PacSun	2%

Rank	Spring 2013	%
1	Amazon	23%
2	eBay	5%
3	Nike	4%
4	Forever 21	3%
5	Wanelo	3%
6	Eastbay	3%
7	Urban Outfitters	2%
8	American Eagle	1%
9	Victoria's Secret	1%
10	Nordstrom	1%
	Karmaloop	1%

Rank	Fall 2012	%
1	Amazon	20%
2	eBay	6%
3	Nike	5%
4	Forever 21	3%
5	Urban Outfitters	3%
6	Eastbay	3%
7	Nordstrom	2%
8	Victoria's Secret	1%
9	American Eagle	1%
10	Apple/iTunes	1%

Rank	Spring 2012	%
1	Amazon	13%
2	eBay	7%
3	Nike	5%
	Victoria's Secret	5%
5	Forever 21	4%
6	American Eagle	2%
7	Eastbay	2%
8	Abercrombie & Fitch	1%
9	Best Buy	1%
10	Tilly's	1%

Source: Piper Jaffray & Co.

No Surprise Here: Teens Are Increasingly Shopping Online & On Their Phones

Upper-Income Teen Survey – Preferred Websites (Females)

Rank	Spring 2014	%
1	Amazon	26%
2	Forever 21	9%
3	Victoria's Secret	7%
4	American Eagle	4%
5	eBay	4%
6	Wanelo	3%
7	Urban Outfitters	3%
8	Nike	3%
9	Hollister	2%
	lululemon	2%

Rank	Fall 2013	%
1	Amazon	25%
2	Forever 21	9%
3	Nordstrom	6%
	Urban Outfitters	6%
5	American Eagle	5%
6	eBay	5%
7	Victoria's Secret	4%
8	Wanelo	3%
9	Etsy	3%
10	Brandy Melville	2%
	TOBI	2%

Rank	Spring 2013	%
1	Amazon	22%
2	Forever 21	6%
3	eBay	4%
4	Wanelo	4%
5	Nike	3%
6	Urban Outfitters	2%
7	American Eagle	2%
8	Victoria's Secret	2%
9	Nordstrom	2%
10	Eastbay	1%

Rank	Fall 2012	%
1	Amazon	13%
2	Forever 21	7%
3	Urban Outfitters	6%
4	eBay	4%
5	Nordstrom	4%
6	Victoria's Secret	3%
7	Etsy	2%
	Nasty Gal	2%
	Nike	2%
10	American Eagle	1%

Rank	Spring 2012	%
1	Amazon	11%
2	Victoria's Secret	9%
3	Forever 21	8%
4	eBay	4%
5	American Eagle	3%
6	Abercrombie & Fitch	2%
7	Nike	2%
8	Nordstrom	1%
9	Hollister	1%
	Hot Topic	1%

Source: Piper Jaffray & Co.

No Surprise Here: Teens Are Increasingly Shopping Online & On Their Phones

Upper-Income Teen Survey – Preferred Websites (Males)

Rank	Spring 2014	%
1	Amazon	34%
2	Nike	15%
3	eBay	8%
4	Eastbay	4%
5	Ralph Lauren	2%
6	Foot Locker	2%
7	Dick's Sporting Goods	2%
8	CCS	1%
	Finish Line	1%
	PacSun	1%
	Vineyard Vines	1%

Rank	Fall 2013	%
1	Amazon	35%
2	eBay	10%
3	Nike	9%
4	Eastbay	4%
5	PacSun	2%
6	CCS	2%
	Ralph Lauren	2%
8	Karmaloop	1%
	Zumiez	1%
10	*Three Sites Tied for 10th*	1%

Rank	Spring 2013	%
1	Amazon	24%
2	Nike	6%
3	eBay	6%
4	Eastbay	4%
5	Urban Outfitters	2%
6	Dick's Sporting Goods	1%
	Wanelo	1%
8	Karmaloop	1%
9	Foot Locker	1%
	Zumiez	1%

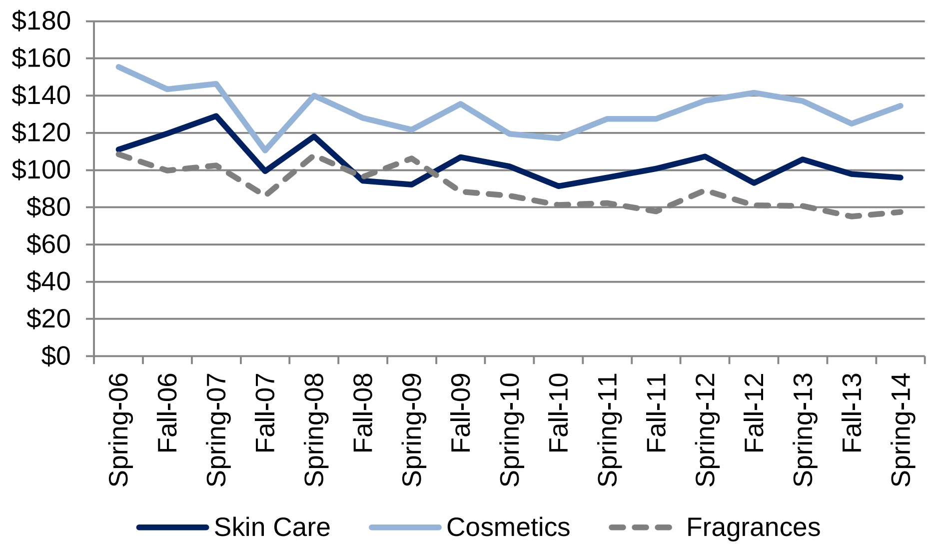
Rank	Fall 2012	%
1	Amazon	26%
2	Nike	8%
3	eBay	7%
4	Eastbay	5%
5	Karmaloop	2%
6	Zumiez	1%
7	Best Buy	1%
8	Zappos	1%
9	*Five Sites Tied for 9th*	1%

Rank	Spring 2012	%
1	Amazon	15%
2	eBay	12%
3	Nike	10%
4	Eastbay	3%
5	Best Buy	2%
	Craigslist	2%
	Karmaloop	2%
8	Zumiez	2%
9	Finish Line	1%
10	*Three Sites Tied for 10th*	1%

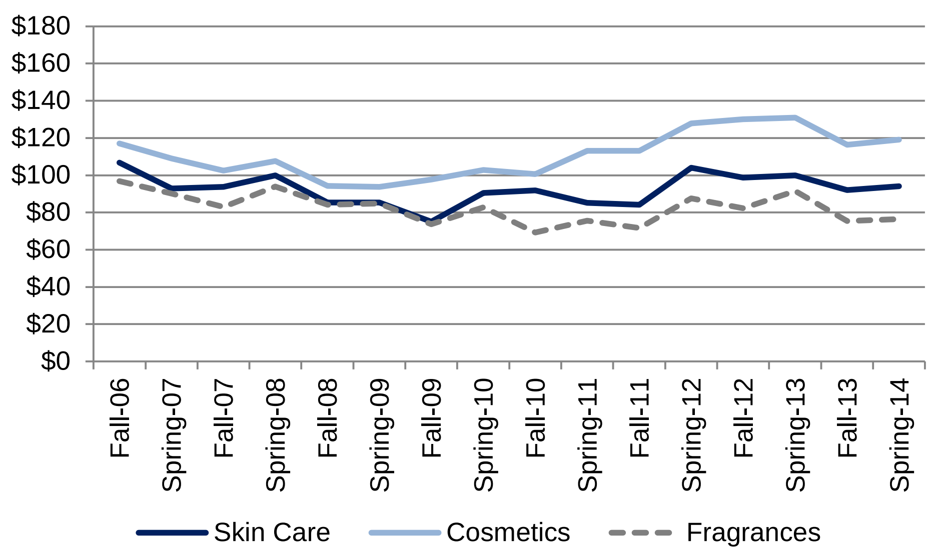
Source: Piper Jaffray & Co.

Beauty & Personal Care: Spending By Category

Upper-Income Teen Survey



Average-Income Teen Survey



Source: Piper Jaffray & Co.

Beauty & Personal Care: Preferred Destinations

Upper-Income Teen Survey (Females)

Rank	Spring 2014	%	Rank	Fall 2013	%
1	Target	21%	1	Sephora	17%
2	Sephora	14%	2	Target	16%
3	Ulta	13%	3	CVS	10%
4	Walmart	10%	4	Walmart	10%
5	CVS	8%	5	Ulta	9%
6	Walgreens	5%	6	Walgreens	3%
7	Macy's	3%	7	MAC	3%
	Mall	3%	8	Nordstrom	3%
9	MAC	2%	9	Mall	2%
10	Rite Aid	1%	10	Macy's	2%

Average-Income Teen Survey (Females)

Rank	Spring 2014	%	Rank	Fall 2013	%
1	Walmart	22%	1	Walmart	26%
2	Target	13%	2	Target	13%
3	Ulta	10%	3	Sephora	7%
4	Sephora	9%	4	Ulta	7%
5	Walgreens	5%	5	Walgreens	4%
6	CVS	4%	6	CVS	3%
7	Mall	3%	7	Mall	3%
8	Macy's	2%	8	Bath & Body Works	3%
9	MAC	2%	9	Macy's	2%
10	Online	2%	10	MAC	2%

Source: Piper Jaffray & Co.

Beauty & Personal Care: Loyalty Programs

Upper-Income Teen Survey (Females) – Program Participation

	Spring 2014	Fall 2013
Yes	37%	34%
No	63%	57%

Upper-Income Teen Survey (Females) – Preferred Loyalty Programs

Rank	Spring 2014	%	Rank	Fall 2013	%
1	Sephora	22%	1	Sephora	32%
2	Ulta	16%	2	Ulta	22%
3	MAC	6%	3	MAC	5%
4	Bath & Body Works	4%	4	Bath & Body Works	3%
5	Maybelline	2%		CVS	3%
	Target	2%	6	Victoria's Secret	3%
7	Clinique	2%	7	Target	2%
8	Bare Escentuals	2%	8	Walgreen's	2%
	CVS	2%	9	Clinique	2%
10	Neutrogena	2%	10	Macy's	1%
	Victoria's Secret	2%			

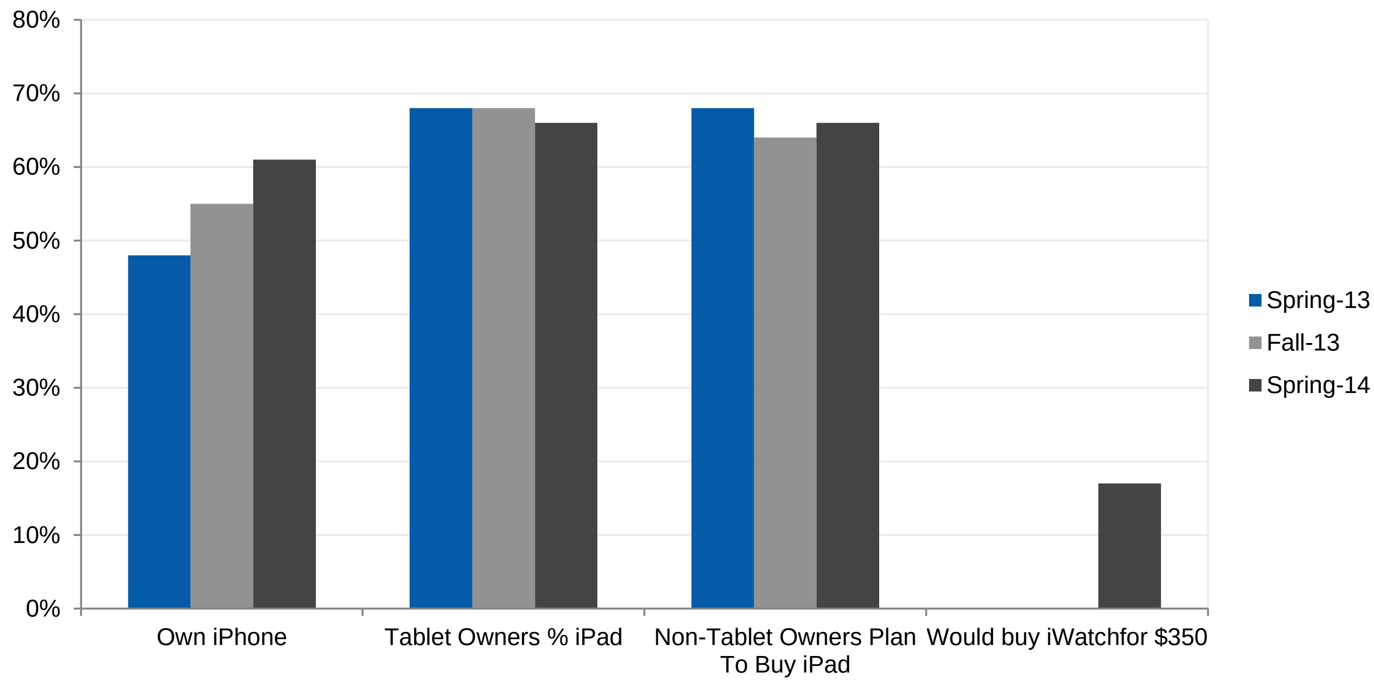
Source: Piper Jaffray & Co.

Beauty & Personal Care: Alpha Beauty Shoppers More Likely To Shop Online For Personal Care

		Alpha Beauty Shoppers	ex-Alpha Beauty Shoppers
Average Age		16.1	16.2
Do you shop online?	Yes	79%	75%
	No	21%	25%
When shopping online, which categories do you shop? (select all that apply)	Apparel	84%	82%
	Footwear	54%	57%
	Accessories	45%	53%
	Electronics	33%	37%
	Personal Care	31%	22%
	Other	19%	21%
Do you prefer to shop online or in stores?	Online	26%	26%
	In Stores	74%	74%
Which of the following social media/eCommerce sites do you use? (select all that apply)	Instagram	90%	83%
	Twitter	77%	71%
	Facebook	61%	69%
	Pinterest	57%	50%
	Tumblr	37%	33%
	Google+	27%	21%
	LinkedIn	4%	2%
	StumbleUpon	3%	4%
	Flickr	3%	2%
	Reddit	1%	4%
	Other	21%	12%
Preferred Websites	No. 1	Amazon	Amazon
	No. 2	Forever 21	Forever 21
	No. 3	Victoria's Secret	Victoria's Secret
Preferred Skin Care Brands	No. 1	Neutrogena	Neutrogena
	No. 2	Clean & Clear	Clean & Clear
	No. 3	Proactiv	Proactiv
Preferred Cosmetics Brands	No. 1	Maybelline	Maybelline
	No. 2	Cover Girl	MAC
	No. 3	MAC	Cover Girl
Preferred Fragrance Brands	No. 1	Victoria's Secret	Victoria's Secret
	No. 2	Bath & Body Works	Bath & Body Works
	No. 3	Juicy Couture	Juicy Couture

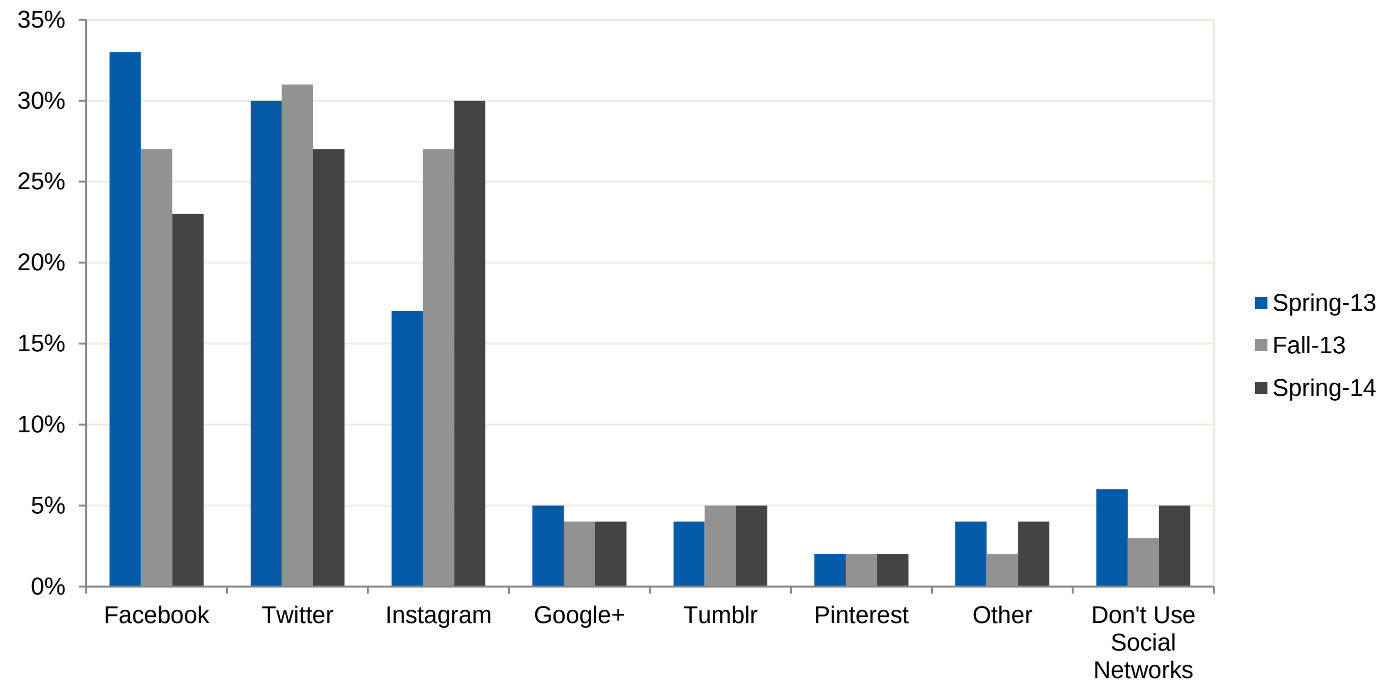
Source: Piper Jaffray & Co.

Apple Takeaways



Source: Piper Jaffray & Co.

Instagram Most Important Social Network For Teens



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Source: Piper Jaffray & Co.

Movie Rental Trends Among Teens

Online Video Continues To Gain Traction (+ NFLX):

No surprise teens are increasingly accessing movie rentals from the internet, but what is surprising is 23% of teens still say they rent movies at retail rental stores, suggesting potential for continued share gains in other categories as rental store share inevitably declines

PJC Teen Survey	Fall-12	Spring-13	Fall-13	Spring-14
How do you rent movies today?				
Retail Store	32%	29%	28%	23%
DVD-By-Mail	7%	6%	5%	5%
Download/Streaming	43%	46%	49%	55%
Kiosks	18%	19%	18%	17%

Teens Point To Netflix & Redbox As Primary Movie Rental Channels In 5 Years (+ NFLX & OUTR):

Most would not be surprised that Netflix continues to gain mindshare, but many would be surprised that teens point to Redbox as the next most popular option they anticipate using for movie rentals in 5 years. Interestingly, teens do recognize an expected dramatic fall off in retail store rentals, but it appears they expect to shift consumption to online services and Redbox

PJC Teen Survey	Fall-12	Spring-13	Fall-13	Spring-14
Which will you use most to rent movies in the next 5 yrs?				
Netflix	55%	59%	59%	65%
Redbox	21%	18%	17%	14%
Other	12%	11%	12%	10%
Rental Store	4%	3%	3%	2%
Hulu	4%	4%	4%	3%
Amazon	5%	5%	5%	6%

Source: Piper Jaffray & Co.

Video Games: Teens Represent One-third Of Video Game Industry

Three Key Video Game Related Takeaways From The Spring 2014 Teen Survey:

1) Next Gen Console Ownership & Purchase Intent Trends Are Very Healthy

- Winners include Activision (ATVI), Electronic Arts (EA), GameStop (GME) & Take-Two (TTWO)
- 22% of teen gamers already own a next gen console!
- 55% of teen gamers who don't own a new console, want one.
- Blending these groups together suggests 65% either own a console or want to buy one, up from 49% that indicated an intention to purchase in Fall-13

2) The Pre-Owned Video Game Market Is An Important Source Of Value For Teens:

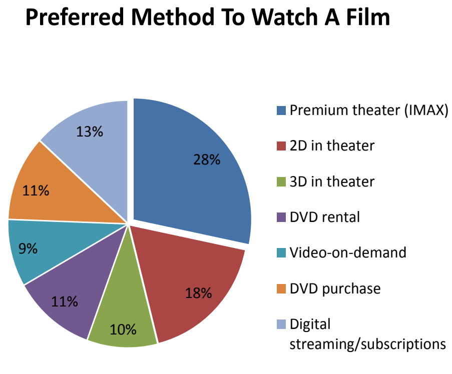
- Winners include GameStop (GME)
- 64% of teen gamers purchase used games vs. 63% during our Spring 2013 survey.
- Of gamers who trade-in their games, 57% choose GameStop vs. just 12% choosing Walmart.

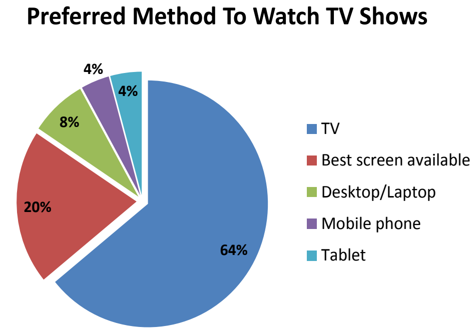
3) Mobile Gaming Is Increasingly Popular Among Teens:

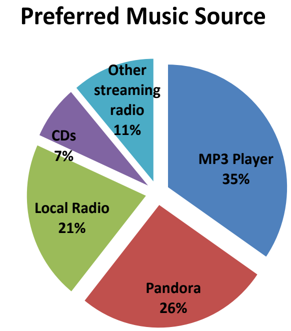
- Winners include Zynga (ZNGA) & Glu Mobile (GLUU)
- 85% of teen gamers play mobile games (up from 83% during our Spring 2013 survey).
- 18% of teen mobile gamers spend real money on virtual goods (consistent with previous surveys).

Source: Piper Jaffray & Co., Microsoft company filings, Sony company filings

Media & Entertainment







Teen Survey Takeaways: More Connectivity and Devices Driving Media Consumption

- **IMAX remains the dominant format among teens.** IMAX remains the most preferred way for teens to watch a movie, 30% of respondents identified IMAX as the best format to see a film.

- **Cable subscriptions are becoming less critical to teens.** While cable remains relevant among teens (61% said it was a necessity), new distribution channels are starting to make an impact. The percent of teens that stream their content grew to 39% from 32% in 2012 with 16% preferring to watch content on their mobile devices compared to 10% in 2012.

- **Radio listenership pie grows at the expense of MP3s.** Teen listenership across Pandora, SIRI and Broadcast radio now make up 59% of total music listenership, up from 44% in 1H12 survey. The gains seem to come largely at the expense of MP3 and CDs listenership which declined to 42% from 56% in 1H12.

Source: Piper Jaffray & Co.

Stock Highlights: Teen Retail

ARO (-) **Downgrading to Underweight:** Remains No. 1 on "brands no longer worn" list

- Among teens in our average-income survey, Aeropostale lost mindshare from Fall 2013 and Spring 2013
- Further erosion in mindshare likely to weigh on turnaround prospects through 2014
- Lowering estimates assuming recovery delayed by another year; PT moves from $7 to $4

ANF (+) Mindshare for Hollister rebuilds; A&F stabilizing share

- Teens selected Hollister as their No. 6 favorite brand with 3% share, up from No. 8 in Fall 2013 (2% share)
- A&F maintained share at 2%—consistent with Fall 2013
- Females cited Hollister as the No. 8 brand they are "starting to wear" (tied with H&M and J. Crew)

AEO (-) Gains share among males for "brands no longer worn"; overall share declines among average-income teens

- Brand share stabilized across upper-income teens and declined across average-income teens
- Brand reach appears to be narrowing; contrasts capacity & current merchandise strategies
- AE garnered highest mindshare in survey history among males as "brand no longer worn"
- Lowering estimates assuming slower rebuild in comps; PT moves from $14 to $12

PSUN (+/=) Remains favorite action sports retailer by teens

- PSUN gained 400bps share from Fall 2013 among upper-income teens
- Females ranked PacSun No. 6 (vs. No. 9 in Fall) among "brands starting to wear" with the highest rank in our survey history (tied with Spring 2013) at 4% of the vote
- Encouraged by results, but taking slightly more conservative approach to margin rebuild

- **GCO** (=/-) Journeys cedes share in survey, but modest & representative of lack of Nike
  - Journeys concept fell out of the top 10 preferred footwear brands/destinations for first time since 2006, replaced by DSW
  - Evidence of lack of exposure to the top mindshare brands - Nike & Jordan
  - Journeys remains a destination for the remaining brands in the top 10 list - Vans, Sperry, Converse, UGG and Adidas
  - Solid long-term core holding; risk-reward fairly balanced near-term

Source: Piper Jaffray & Co.

Stock Highlights: Global Fashion & Lifestyle Brands

FOSL (+) Namesake brand growth drives portfolio higher; Michael Kors license remains strong

- Fossil brand No. 4 preferred watch brand with 200 bps of sequential mindshare—from 7% to 9%
- Michael Kors watch remains No. 2 with 15% share—consistent with last fall
- Fossil saw gains as preferred handbag from No. 10 (2% share) to No. 7 (3% share) in Spring 2014

KORS (+) Handbag share gains mount; moves into the No. 1 rank among average-income teens

- No. 2 upper-income handbag; share moved from 21% in Fall 2013 to 26%in Spring 2014
- No. 1 average-income handbag, unseating Coach; share moved from 21% in Fall to 31% in Spring
- Remains the clear lifestyle leader in watches at the No. 2 position (15% share)

COH (=) Mixed read in Teen Survey; raising price target to $49 from $46

- Remains No. 1 upper-income handbag; saw sequential share gain from 26% in Fall to 29% in Spring
- Moved from No. 1 to No. 2 as preferred brand among average income; share loss from 33% in Fall to 27% in Spring

ZQK (-) Lowering PT from $7.50 to $7.00 on further erosion of flagship brands

- Quiksilver fell among upper-income teens within action sports segment from No. 7 in Fall to No. 12 in Spring
- Roxy received no mentions among upper-income females this Spring; this compares to No. 3 rank in Fall

DECK (+/=) UGG emerging as staple footwear brand in wardrobe; opportunity in fashion

- UGG No. 6 preferred brand among upper- and average-income females (est. teens ~25% of sales)
- UGG mindshare did moderate; upper-income female share moves from 9% in Spring 2013 to 6% in Spring 2014
- Seeing opportunity in fashion boots for UGG with new product on deck this Fall; Sorel, Frye, Hunter and other peer fashion boot brands gained 120 bps of share Y/Y
- Teens call out UGG as No. 3 most popular trend/brand in school for females—up from No. 10 in Fall

Source: Piper Jaffray & Co.

Stock Highlights: Active & Healthy Lifestyles

HIBB (+) **Upgrading to Overweight:** Largest brand (Nike) gaining teen mindshare & mix shifting towards Nike

- Nike is the No. 1 fashion and athletic apparel and footwear brand among teens
- Nike accounted for 52% of HIBB merchandise purchases in 2013; third consecutive annual increase
- Defensible business model with small and medium market focus delivers industry-leading margins
- Valuation compelling against a favorable backdrop of Nike mindshare gains and continued shift towards "athleisure" apparel by teens

NKE (+) Remains favorite apparel brand, footwear brand, athletic apparel brand and athletic footwear brand

- For the fourth consecutive survey, Nike ranks as the No. 1 apparel and footwear brand among upper and average-income teens
- Increases mindshare as preferred apparel brand and sets new survey records
- Nike/Jordan the most popular male fashion trend at school right now for third consecutive survey
- Athletic apparel mindshare maintains or sets new record highs as Nike builds lead over Under Armour

DKS (+) Remains favorite sporting goods store; beneficiary of Nike's strength

- Dick's Sporting Goods remains the No. 1 sporting goods retailer among upper-income and average-income teens
- Mindshare increased among upper-income and average-income teens
- Nike (approx. 18% of sales) remains favorite clothing and footwear brand across athletic and fashion categories among both income groups

UA (=) Athletic brand mindshare shows signs of stabilization

- Under Armour remains No. 2 most preferred athletic apparel brand among both income groups
- Ranks as the No. 8 most popular fashion apparel brand among average-income teens, a new high for the brand
- Athletic apparel mindshare remains well behind Nike, but growing spread shows signs of slowing
- Lululemon passed UA to become the No. 2 athletic apparel brand among upper-income females

SKUL (-) Brand desirability slips again; more signs of teens losing interest in headphone category

- Skullcandy falls to 13.7% from 14.5% in Fall 2013 and 15.9% in Spring 2013 when asked what brand of headphones teens own
- Intent to purchase declines; 9.8% plan to buy Skullcandy headphones as next pair, down 30bp from Fall 2013 and 140bp from Spring 2013
- Cycle appears post -peak; Share of teens asking for headphones as gifts declines year-over-year in second consecutive survey
- Percentage of teens planning to purchase headphones in next six months declines for third consecutive survey

Source: Piper Jaffray & Co.

Stock Highlights: Specialty & Multi-Brand Retail

JWN (+) Continues dominance as sole mall-based "anchor" in the top ten

- Nordstrom ranks No. 9 as both a preferred clothing brand and a preferred footwear brand among teens in the upper-income survey—points to the Nordstrom's dominance across multiple categories
- Nordstrom well positioned with the "Nordstrom Teen" who shops significantly more online, but overwhelmingly prefers to shop at sites associated with stores

LB (+) Victoria's Secret, aided by rise of PINK, increasingly top-of-mind among teens

- Victoria's Secret ranked No. 3 among both upper-income and average-income females—the brand's highest level achieved yet
- Preferred fragrance rankings for Victoria's Secret and Bath & Body Works among females come in at No. 1 and No. 2—consistent with our near-entire survey history
- New insights about the "Victoria's Secret Teen" points to over-indexed preference for specialty stores as her shopping venue

URBN (+) Remains top ten favorite brand – despite recent woes at retail

- Urban Outfitters ranks No. 7—even to last year's spring survey and very near the No. 6 rank in Fall 2013—among teens in the upper-income survey
- URBN's focus on digital aligns with increasing channel preference for online. Nearly 80% of teens surveyed shop online yet three-fourths indicate they prefer to shop on sites associated with stores. Urban Outfitters ranks No. 8 as a preferred e-commerce website
- Longer-view trend favoring active over denim looks to align with URBN's recently launched Without Walls concept

Source: Piper Jaffray & Co.

Stock Highlights: Restaurants

SBUX (+):

- Global growth portfolio drives long-term value creation
- Potential upside:
  - Brand equity driving consistent same-store sales
  - Global growth portfolio drives margins, share repurchase, and growing dividend
- Price target: $90 based on 18x EV/EBITDA

NDLS (+):

- Highly compelling growth story
  - Positioned to take share from limited service and casual dining peers
  - Positive same-store sales and accelerated unit development
  - Margin improvement over time
- Price target: $47 based on 93x EPS
  - Potential upside from 100 bps in same-store sales = $0.03/share

CMG (+):

- Secured No. 1 spot across both upper- and average-income teens within Hispanic cuisine sub-segment—first occurrence in survey history
- Highly compelling growth story
  - Leadership position within fast casual segment
  - Positive same-store sales and strong unit development
- Price target: $550 based on ~42x EPS
  - Potential upside from 100 bps in same-store sales = $0.27/share

Source: Piper Jaffray & Co.

Stock Highlights: Internet

AAPL (+) Remains favorite large cap stock into 2H 2014

- Over 60% of teens own iPhones
- Ramp for iPhone ownership to continue to grow (67%)
- Interest in iWatch (17% of teens) shows that Apple products are still "cool"

FB(+/-) Continue to believe in more near-term upside; longer-term a bigger question

- Instagram at 30% of teens most important social network shows intelligence of acquisition
- Facebook now third most important social network to teens (23%) behind Twitter (27%)
- Believe FB will need to continue to develop new products and be acquisitive as competition for social time spent continues

Source: Piper Jaffray & Co.

Stock Highlights: Video Games & Movie Rentals

Console Video Games

ATVI, EA, GME, TTWO (+) **:** Early stages of console transition positioning publishers & Gamestop for strong renewed growth phase

- 65% of teen gamers either own a next gen console or want to buy one, up from 49% that indicated an intention to purchase in Fall 2013
- Teen popularity of next gen consoles is particularly important as it shows the category is not losing share among a younger demographic, despite other options for entertainment (mobile games, social media, online video, etc.)

Mobile Games

GLUU, ZNGA (+) **:** Popularity of mobile games growing among teens and percentage of teens paying-to-play remaining consistent

- 85% of teen gamers play mobile games (up from 83% during our Spring 2013 survey)
- Large developers have advantage in cross promotion and marketing resources

Movie Rentals

NFLX, OUTR (+) **:** Netflix and Redbox have leading teen mindshare in the movie rental category today and in years to come

- 65% of teens expect Netflix to be the primary source of movie rentals in 5 years (vs. 59% in Fall 2013)
- Second to Netflix, 14% of teens expect Redbox (OUTR) to be their primary source of movie rentals in 5 years (down from 17% in Fall 2013); given investor concern about Redbox usage declining materially in the coming quarters/years, this appears to be a relatively positive data point

Source: Piper Jaffray & Co.

Analyst biographies and coverage lists

(ANALYSTS LISTED IN SPEAKING ORDER)

Steph Wissink is a managing director, senior research analyst and co-director of investment research. Wissink joined Piper Jaffray in May 2002 and has served in various capacities within Investment Research including as an associate analyst on the consumer team for eight years. As a senior analyst, Wissink focuses on teen/youth specialty retail, authoring reports on youth spending, fashion brands, and retail markets. Wissink spearheads the Piper Jaffray bi-annual Taking Stock With Teens consumer insight project in which nearly 20,000 teens, young adults, and their parents are surveyed each year. Wissink combines her interest in youth marketing and generational psychology with her professional experience by serving on the National Advisory Board for DECA.

Associate: Maria Vizuete

Coverage Includes: ANF, ARO, AEO, BODY, CRI, GPS, GCO, HAS, JAKK, MAT, PLCE, PSUN, RUE, SUMR, TLYS, WTSL, ZUMZ

Erinn Murphy is a vice president and senior research analyst at Piper Jaffray covering global fashion & lifestyle brands. Murphy was raised in the Middle East and is passionate about international markets and has a strong affinity for languages with competencies in both French and Arabic. Murphy joined Piper Jaffray in January 2005 as an associate analyst in the retail sector. In December 2008, she expanded her international experience by joining ExxonMobil's gas & power marketing group as a natural gas negotiator and a senior supply/demand planner. Murphy re-joined Piper Jaffray in 2011 on the consumer team and now covers the global fashion and lifestyle brands. She holds a bachelor's degree in economics and French from Calvin College.

Associate: Eric Johnson

Coverage Includes: COH, CROX, DECK, FOSL, GIII, GES, KORS, PVH, ZQK, RL, SHOO, VFC, WWW

Analyst biographies and coverage lists

(ANALYSTS LISTED IN SPEAKING ORDER)

Sean Naughton is a vice president and senior research analyst covering the consumer sector, specifically companies contributing to active and healthy lifestyles. Prior to joining Piper Jaffray in 2007, Sean worked for Target in capital investment analysis responsible for new and existing store valuations. Sean holds the Chartered Financial Analyst designation.

Assistant Vice President, Senior Associate: Adam Engebretson, CFA
Associate: Jared Madlin

Coverage Includes: BGS, BGFV, BDE, CAB, COST, DKS, FINL, FL, FOXF, HAIN, HIBB, LTM, NGVC, NKE, SKUL, TGT, TFM, CLUB, UA, UNFI, VSI, WFM

Nicole Miller Regan is a managing director and senior research analyst at Piper Jaffray, where she focuses on the restaurant sector. Prior to joining Piper Jaffray in 2006, Regan worked in equity research at ThinkEquity Partners in Minneapolis, and at Sterne, Agee & Leach in New Orleans. In 2006, she was ranked No. 1 Stock Picker, related to 2005 coverage of her universe, by StarMine.

Assistant Vice President, Senior Associate: Joshua Long, CFA

Coverage Includes: AFCE, BJRI, BBRG, EAT, BKW, CAKE, CMG, DRI, DFRG, DNKN, BAGL, GMCR, IRG, MCD, PNRA, RRGB, RUTH, SONC, SBUX

Analyst biographies and coverage lists

(ANALYSTS LISTED IN SPEAKING ORDER)

Neely Tamminga is a managing director and senior research analyst at Piper Jaffray focusing on specialty retailing: women's apparel & accessories, and personal products. Tamminga ranked as a top sell-side analyst in The Wall Street Journal Best on the Street analyst survey in 2006 and 2011 for her coverage in broadline and apparel retailers. In 2010, FT/Starmine ranked Tamminga No. 2 in Stock Picking for her 2009 coverage in Specialty Retail. In 2009, FT/Starmine ranked Tamminga No. 2 Industry Estimator for her 2008 coverage in Personal Products. Tamminga has also received recognition by Institutional Investor magazine for her coverage in the apparel & footwear, department stores, and hardlines retailing sectors. Prior to joining Piper Jaffray in 2002, Tamminga worked at A.G. Edwards & Sons, Inc. in St. Louis, where she covered specialty apparel retailing companies.

Associate: Kayla Berg

Coverage Includes: ANN, ASNA, CACH, CHS, CBK, COTY, EL, EXPR, GMAN, HSNI, IPAR, JCP, KIRK, KSS, LTD, NWY, JWN, RH, ROST, ULTA, URBN, VVTV, VRA, WSM

Gene Munster is a managing director and senior research analyst at Piper Jaffray, specializing in Internet. He joined Piper Jaffray in 1995. Munster's Internet focus includes the US, Europe, China & Latin America. In addition, Munster has covered the Digital Media space since 1995, including Apple. He has authored several key industry reports on technology and is quoted frequently in key financial and technical news journals.

Assistant Vice President, Senior Associate: Doug Clinton

Coverage Includes: AMZN, ANGI, AAPL, BIDU, DRIV, EBAY, FB, GOOG, GRPN, IACI, LNKD, LOGM, MCHX, MELI, RLOC, SINA, MOBI, PRTS, VCLK, VIPS, WWWW, YHOO, YNDX, YELP, YY

Analyst biographies and coverage lists

(ANALYSTS LISTED IN SPEAKING ORDER)

Mike Olson is a managing director and senior research analyst at Piper Jaffray covering online media, online travel, and video games. Olson has been with Piper Jaffray covering companies in these industries since 2001 and has authored numerous industry reports, including "Internet Video: Field of Dreams or Nightmare on Elm Street," "The Next Leg of Online Travel," and "Pwned: How Casual Games Changed The Gaming Landscape." Olson was recognized as the No. 2 stock picker and earnings estimator in the 2011 Financial Times / StarMine Internet & Catalog Retail category and was ranked in the 2010 Wall Street Journal "Best On The Street" for the Leisure Goods & Services category.

Assistant Vice President, Senior Associate: Andrew Connor

Coverage Includes: ATVI, ADBE, AKAM, AVID, CSTR, CTRP, DLB, DTSI, EA, EXPE, GME, GLUU, AWAY, KYAK, LLNW, NFLX, OPEN, OWW, PCLN, RNWK, ROVI, TTWO, TIVO, TRIP, ZNGA

James Marsh is a managing director and senior research analyst at Piper Jaffray, following entertainment, radio and television broadcasting, outdoor advertising, and publishing companies. Previously, he co-founded Hanover Square Capital Management, LLC., a hedge fund focused on the Consumer and Media sectors. Prior to that, Marsh covered the radio and television broadcasting, publishing and outdoor advertising sectors at Cowen & Co., Robertson Stephens and Prudential Securities. In 2004, Marsh ranked third in stock picking for the broadcasting & entertainment sector in The Wall Street Journal's "Best on the Street" analyst survey. James is a Chartered Financial Analyst, as well as a Certified Public Accountant.

Associate: Stan Meyers

Coverage Includes: BONA, CKEC, CBS, CHRM, CNK, CMLS, DISCA, DWA, ENT, IMAX, LAMR, LGF, MDCA, MM,NCMI, P, RLD, RGC, SNI, SIRI, IPG, VIAB, DIS

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